

30 April 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES**")

(FIFTEENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS**")

RELATING TO
WARRANTS (THE "**WARRANTS**")
(FIFTEENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to the registration document of The Royal Bank of Scotland plc dated 7 March 2014 which was published on 7 March 2014; and

(ii) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" which was published on 4 April 2014.

1. On the cover page of the Base Prospectuses, the second paragraph shall be replaced as follows:

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Conduct Authority*; the "**FCA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**").

2. In the REX Base Prospectus, section "**SUMMARY**", the first paragraph shall be replaced as follows:

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any reverse exchangeable securities (the "Securities") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Conduct Authority; the "FCA"), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

3. In the Warrants Base Prospectus, section "**SUMMARY**", the first paragraph shall be replaced as follows:

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any warrants (the "Securities" or the "Warrants") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Conduct Authority; the "FCA"), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

4. In the Base Prospectuses, section "**SUMMARY**", the subsection "**Risk Factors relating to the Issuer**" shall be replaced as follows:

Risk Factors relating to the Issuer: The Issuer could fail or otherwise be unable to make the payments owing under the Securities. If that happens, investors will not have the protection of any deposit insurance scheme and the Securities will not be secured, and investors may lose some or up to all of their money. As part of a global financial services group the Issuer is subject to a number of key risks of the Group:

- The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's plans to refocus on its core strengths and the timely divestment of RBS Citizens.
- The Group is subject to political risks.
- The Group is subject to a number of legal, regulatory and governmental actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation.
- The Group could fail to attract or retain senior management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Operational risks are inherent in the Group's businesses.
- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
- The Group has significant exposure to a weakening of the nascent economic recovery in Europe.
- The Group and its UK bank subsidiaries are subject to the provisions of the Banking Act 2009, as amended by the Banking Reform Act 2013, which includes special resolution powers including nationalisation and bail-in.

- The Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan.
- HM Treasury (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of securities issued by the Group.
- The Group is subject to other global risks.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the Group's key regulators has had and is likely to continue to have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and structural reforms in the UK banking industry has been substantially adopted by the UK Government through the passage of the Banking Reform Act 2013. In addition, other proposals to ring-fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US

operations together with the UK reforms could require structural changes to the Group's business. Any of these changes could have a material adverse effect on the Group.

- The Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the Group, including the write off, write-down or conversion of the Group's securities.
- The Group's operations are highly dependent on its information technology systems.
- The Group's operations have inherent reputational risk.
- The Group may suffer losses due to employee misconduct.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The financial performance of the Group has been, and continues to be, materially affected by counterparty credit quality and deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- In the United Kingdom and in other jurisdictions, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised

financial services firms that are unable to meet their obligations to customers.

- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits.
- The Issuer has reached agreement with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer or that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.

5. In the REX Base Prospectus, section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", the first paragraph shall be replaced as follows:

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der "Basisprospekt") verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Rohstoffanleihen, Rohstoff-Terminkontraktanleihen, Fondsanleihen, Indexanleihen, Aktienanleihen und Aktienkorporanleihen (die "Wertpapiere") durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 7. März 2014 (das "Registrierungsformular"), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Conduct Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die "Endgültigen Bedingungen") gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein "EWR-Staat") Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

6. In the Warrants Base Prospectus, section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", the first paragraph shall be replaced as follows:

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der "Basisprospekt") verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Optionsscheine (die "Wertpapiere" oder die "Optionsscheine") durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 7. März 2014 (das "Registrierungsformular"), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Conduct Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die "Endgültigen Bedingungen") gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein "EWR-Staat") Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

7. In the Base Prospectuses, section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the subsection "**Risikofaktoren in Bezug auf die Emittentin**" shall be replaced as follows:

Risikofaktoren in Bezug auf die Emittentin:

Die Emittentin könnte insolvent werden oder aus anderen Gründen nicht in der Lage sein, die von ihr geschuldeten Zahlungen in Zusammenhang mit den Wertpapieren zu leisten. In diesem Fall werden Anleger nicht durch ein Einlagensicherungssystem geschützt. Zudem sind die Wertpapiere nicht besichert, sodass Anleger ihr Geld ganz oder teilweise verlieren können. Als Teil einer weltweit tätigen Finanzdienstleistungsgruppe unterliegt die Emittentin einer Reihe von wesentlichen Risiken der Gruppe:

- Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken zu konzentrieren und zeitnah den Bereich RBS Citizens zu veräußern.
- Die Gruppe unterliegt politischen Risiken.
- Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen und staatlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten

wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.

- Die Gruppe ist in wesentlichem Maße Risiken aus einer Schwächung der gerade einsetzenden wirtschaftlichen Erholung in Europa ausgesetzt.
- Die Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich unterliegen den Bestimmungen des *Banking Act 2009* in der durch den *Banking Reform Act 2013* geänderten Fassung, der besondere Abwicklungsbefugnisse, einschließlich Verstaatlichung und "*bail-in*" (Beteiligung von Anteilseignern und Gläubigern an einer zwangsweisen Umstrukturierung einer Bank), beinhaltet.
- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Das britische Schatzamt *HM Treasury* (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere der Gruppe beeinträchtigen.
- Die Gruppe unterliegt weiteren globalen Risiken.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.

- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Alle Geschäftsbereiche der Gruppe sind in starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen in der Vorgehensweise der wichtigsten Aufsichtsbehörden für die Gruppe haben sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe ausgewirkt und werden sich wahrscheinlich weiterhin nachteilig auswirken.
- Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der britischen Regierung durch Verabschiedung des *Banking Reform Act 2013* im Wesentlichen übernommen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank, auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden, zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die Gruppe haben.
- Die Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der Gruppe zur Folge haben kann und unter anderem Abschreibungen oder Wertberichtigungen auf

Wertpapiere der Gruppe und die Umwandlung von Wertpapieren der Gruppe beinhaltet.

- Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Die Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem

Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.

- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Die Emittentin hat sich mit BNP Paribas S.A. ("**BNP Paribas**") über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.

8. In the Base Prospectuses, section "RISK FACTORS", the second paragraph shall be replaced as follows:

Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, prospective purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 7 March 2014 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Conduct Authority), as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, prospective purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.

9. In the Base Prospectuses, the section "**INFORMATION ABOUT THE ISSUER**" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER

The legal name of the issuer of the Securities is The Royal Bank of Scotland plc which is acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms (the "**Issuer**"). The commercial name of the Issuer is The Royal Bank of Scotland or RBS.

Registration Document

The required information about the Issuer is contained in the registration document of The Royal Bank of Scotland plc dated 7 March 2014 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Conduct Authority*, the "**FCA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the last sentence of the fourth paragraph of the section entitled "Introduction" beginning on page 1, which begins with the words "Moody's Investors Service Limited", the seventh paragraph of such section, which begins with the words "As defined by Moody's", limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013", and the subsection "No Significant Change and No Material Adverse Change" on page 70) (see "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following subsection "Recent developments".

Recent developments

Disposal of Structured Retail Investor and Equity Derivatives Businesses

On 19 February 2014, RBSG, the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives (IP&ED) businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of, and/or market making for, up to £15 billion of liabilities over time. The Proposed Transaction is in line with the strategic repositioning and de-risking of the Markets division of the Group as announced in 2013. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates. In particular, the

Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals.

Updated ratings information

On 13 March 2014, Moody's Investors Service Limited ("**Moody's**") announced revisions to its ratings of the Issuer.

In case of a rating of securities of the Issuer, Moody's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "Baa1"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions — September 2013" published by Moody's (available at www.moody.com).

Except for the description of the rating definitions for the ratings "Baa1" and "P-2" set out above, the information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the

- audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published on 30 August 2013;
 4. the following sections (the "**Relevant Sections of the Annual Report 2012 of RBSG**") of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading –"2012 Financial Results" on page 2;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
 - (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors' remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of directors' responsibilities on page 350;

- (xxiii) Financial Summary on pages 488 to 497;
 - (xxiv) Exchange rates on page 498;
 - (xxv) Economic and monetary environment on page 499;
 - (xxvi) Supervision on page 500;
 - (xxvii) Description of property and equipment on page 501;
 - (xxviii) Major shareholders on page 501;
 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
5. the following sections (the "**Relevant Sections of the Annual Report 2011 of RBSG**") of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 20;
 - (xv) Divisional review on pages 21 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;

- (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the preliminary unaudited Annual Results for the year ended 31 December 2013 of RBSG (the "**Unaudited Annual Results 2013 of RBSG**") which were published via the RNS on 27 February 2014; and
 7. the press release entitled "Ewen Stevenson appointed as RBS Chief Finance Officer" (the "**Press Release dated 4 April 2014**") which was published via the RNS on 4 April 2014.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16 (1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

No significant change and no material adverse change

Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RBS Capital Resolution Group (the "**RCR**"), each as disclosed in the following sections of the preliminary unaudited Annual Results for the year ended 31 December 2013 of RBSG (the "**Relevant Sections of the Unaudited Annual Results 2013 of RBSG**"):

- the opening paragraph of the section entitled "Highlights" on page 1,
- the paragraph entitled "Legacy conduct issues" in the section entitled "Highlights" on page 3,
- the section entitled "Analysis of results" on pages 27 to 36,

- Note 3 to the Statutory results (entitled "Analysis of income, expenses and impairment losses") on pages 95 to 100,
- Note 5 to the Statutory results (entitled "Loan impairment provisions") on page 101,
- Note 13 to the Statutory results (entitled "Litigation, investigations and reviews") on pages 118 to 134,
- Note 14 to the Statutory results (entitled "Other developments") on pages 134 to 135, and
- Appendix 1 (entitled "RBS Capital Resolution"),

there has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2013 (the end of the last financial period for which the latest unaudited interim financial information has been published).

Save for regulatory and redress provisions with respect to litigation, investigations, reviews and conduct-related matters, increased provisions for Payment Protection Insurance (PPI) redress and related costs and for interest rate hedging products redress and administration costs, loan impairment provisions and impairments and other losses related to the establishment of the RCR, each as disclosed in the Relevant Sections of the Unaudited Annual Results 2013 of RBSG, there has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the last date to which the latest audited published financial information was prepared).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

10. In the Base Prospectuses, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 9) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document (excluding the last sentence of the fourth paragraph of the section entitled "Introduction" beginning on page 1, which begins with the words "Moody's Investors Service Limited", the seventh paragraph of such section, which begins with the words "As defined by Moody's", limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – September 2013", and the subsection "No Significant Change and No Material Adverse Change" on page 70);
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Annual Results 2013 of RBSG;
8. the Press Release dated 4 April 2014; and
9. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 8. were filed with the Financial Services Authority and the FCA, respectively. The document referred to in 9. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 30 April 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

18 March 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES**")

(FOURTEENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS**")

RELATING TO

WARRANTS (THE "**WARRANTS**")

(FOURTEENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the revisions of the ratings of The Royal Bank of Scotland plc by Moody's Investors Service Limited which were announced on 13 March 2014.

1. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", subsection "**Registration Document**" (as updated by Supplement dated 28 January 2014), limb (i) shall be replaced as follows:

- (i) the following information on pages 1 and 2 within the section entitled "Introduction":
- the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the last sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's";
 - the seventh paragraph of such section, which begins with the words "As defined by Moody's";
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions"; and
 - limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – January 2013";

2. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectuses by Supplement dated 15 April 2013) after the paragraphs with the heading "*Updated ratings information*" (inserted into the Base Prospectuses by Supplement dated 28 January 2014):

On 13 March 2014, Moody's Investors Service Limited ("**Moody's**") announced revisions to its ratings of the Issuer.

In case of a rating of securities of the Issuer, Moody's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "Baa1"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions — September 2013" published by Moody's (available at www.moody's.com).

Except for the description of the rating definitions for the ratings "Baa1" and "P-2" set out above, the information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

3. In the Base Prospectuses, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 15) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the last sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's";
 - the seventh paragraph of such section, which begins with the words "As defined by Moody's";
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions"; and
 - limb (ii) of the eighth paragraph of such section, which begins with the words "the publication entitled "Rating Symbols and Definitions – January 2013";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);

4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Annual Results 2013 of RBSG;
8. the Press Release dated 9 May 2013;
9. the Press Release dated 12 June 2013;
10. the Press Release dated 2 August 2013;
11. the Press Release dated 7 November 2013;
12. the Press Release dated 4 December 2013;
13. the Press Release dated 11 December 2013 regarding Bostock's resignation;
14. the Press Release dated 11 December 2013 regarding OFAC compliance; and
15. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 14. were filed with the FSA and the FCA, respectively. The document referred to in 15. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 18 March 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

3 March 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES**")

(THIRTEENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS**")

RELATING TO

WARRANTS (THE "**WARRANTS**")

(THIRTEENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") entitled "Disposal of its Structured Retail Investor Products and Equity Derivatives Businesses" which was published on 19 February 2014; and

(ii) to update the Base Prospectus with respect to the preliminary unaudited Annual Results 2013 of RBSG for the year ended 31 December 2013 which were published on 27 February 2014.

1. In the Base Prospectuses, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**", the following risk factor shall be added after the last paragraph:

- The Issuer has reached agreement with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities, subject to competition approval. As part of the proposed transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates, subject to court and regulatory approvals. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**", the following risk factor shall be added after the last paragraph:

- Die Emittentin hat sich mit BNP Paribas S.A. („**BNP Paribas**“) über den Verkauf bestimmter Vermögenswerte und Verbindlichkeiten geeinigt, vorbehaltlich einer wettbewerbsrechtlichen Freigabe. Im Rahmen der geplanten Transaktion werden soweit möglich gesetzlich vorgesehene Übertragungsverfahren genutzt werden, um darunter fallende Geschäfte (dabei kann es sich auch um unter diesem Basisprospekt begebene Wertpapiere handeln) auf BNP Paribas oder eine ihrer Tochtergesellschaften zu übertragen. Eine solche Übertragung bedürfte der gerichtlichen und aufsichtsrechtlichen Genehmigung. Es besteht keine Sicherheit, dass BNP Paribas oder eine ihrer Tochtergesellschaften Emittentin der hierunter begebenen Wertpapiere wird oder wann dies gegebenenfalls der Fall sein wird. Falls allerdings Wertpapiere auf BNP Paribas oder eine ihrer Tochtergesellschaften übertragen werden, können die Übertragung an sich oder der mögliche Umstand, dass die Gesellschaft, auf die übertragen wird, in einer anderen Rechtsordnung sitzt, den Wert der betreffenden Wertpapiere beeinflussen oder Auswirkungen für die Inhaber der betreffenden Wertpapiere haben.

3. In the Base Prospectuses, in the section "**RISK FACTORS**", subsection "**1. RISK FACTORS RELATED TO THE ISSUER**" (as updated by Supplement dated 28 January 2014), the following shall be added at the end of this subsection after the risk factor with the heading "**The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position**":

Additional Risk Factors

In addition to the risk factors contained in the Registration Document, the following risk factor "Disposal of Structured Retail Investor Products and Equity Derivatives Businesses" may also affect the Issuer's ability to fulfil its obligations under the Securities issued:

Disposal of Structured Retail Investor Products and Equity Derivatives Businesses

The Royal Bank of Scotland Group plc ("**RBSG**", RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"), the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) have announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of up to £15bn of liabilities over time. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals. This means that BNP Paribas or one of its affiliates may become the issuer of a number of securities originally issued by The Royal Bank of Scotland plc, which may include some or all of the Securities issued under this Base Prospectus. There is no assurance that BNP Paribas or one of its affiliates will become the issuer of any Securities or, if it does, when that might occur. However, if Securities are transferred to BNP Paribas or one of its affiliates, the fact of such transfer and that any transferee may be a company incorporated in a different jurisdiction might affect the value of such Securities or the holders of such Securities, whether for tax reasons or otherwise.

4. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectuses by Supplement dated 15 April 2013) after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" (inserted into the Base Prospectuses by Supplement dated 20 June 2013):

Disposal of Structured Retail Investor and Equity Derivatives Businesses

On 19 February 2014, RBSG, the Issuer and The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.) announced that agreement has been reached with BNP Paribas S.A. ("**BNP Paribas**") for the disposal of certain assets and liabilities related to the structured retail investor products and equity derivatives (IP&ED) businesses of RBSG, as well as associated market-making activities (the "**Proposed Transaction**"). The Proposed Transaction is subject to competition approval and it is anticipated that it will be implemented on a phased basis during 2014 and 2015. The consideration is not material within the context of the Group but the Proposed Transaction is expected to transfer risk management of, and/or market making for, up to £15 billion of liabilities over time. The Proposed Transaction is in line with the strategic repositioning and de-risking of the Markets division of the Group as announced in 2013. As part of the Proposed Transaction, where available, statutory transfer schemes will be used to effect a legal transfer of eligible transactions (which may include Securities issued under this Base Prospectus) to BNP Paribas or one of its affiliates. In particular, the Issuer and BNP Paribas will work together with the aim of implementing a banking business transfer scheme pursuant to Part VII of the UK Financial Services and Markets Act 2000, which will be subject, amongst other matters, to court and regulatory approvals.

5. In the Base Prospectuses, in the section "**INFORMATION ABOUT THE ISSUER**", the subsection "**Additional Information about the Issuer**" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published on 30 August 2013;
4. the following sections (the "**Relevant Sections of the Annual Report 2012 of RBSG**") of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;

- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections (the "**Relevant Sections of the Annual Report 2011 of RBSG**") of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;

- (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman’s statement on page 9;
 - (xii) Group Chief Executive’s review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors’ remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors’ interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the preliminary unaudited Annual Results 2013 of RBSG for the year ended 31 December 2013 (the “**Unaudited Annual Results 2013 of RBSG**”) which were published via the RNS on 27 February 2014;
 7. the press release entitled "RBS announces planned management changes" of RBSG (the “**Press Release dated 9 May 2013**”) which was published via the RNS on 9 May 2013;
 8. the press release entitled "Stephen Hester to leave RBS" of RBSG (the “**Press Release dated 12 June 2013**”) which was published via the RNS on 12 June 2013;
 9. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the “**Press Release dated 2 August 2013**”) which was published via the RNS on 2 August 2013;

10. the press release entitled “RBS reaches settlement with SEC on RMBS securitisation” of RBSG (the “**Press Release dated 7 November 2013**”) which was published via the RNS on 7 November 2013;
11. the press release entitled “RBS reaches settlement with the European Commission” of RBSG (the “**Press Release dated 4 December 2013**”) which was published via the RNS on 4 December 2013;
12. the press release entitled “RBS Confirms Bostock to resign as Group Finance Director” of RBSG (the “**Press Release dated 11 December 2013 regarding Bostock’s resignation**”) which was published via the RNS on 11 December 2013; and
13. the press release entitled “RBS reaches settlement with US Authorities regarding OFAC compliance” (the “**Press Release dated 11 December 2013 regarding OFAC compliance**”) of RBSG which was published via the RNS on 11 December 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

6. In the Base Prospectuses, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 15) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Annual Results 2013 of RBSG;
8. the Press Release dated 9 May 2013;

9. the Press Release dated 12 June 2013;
10. the Press Release dated 2 August 2013;
11. the Press Release dated 7 November 2013;
12. the Press Release dated 4 December 2013;
13. the Press Release dated 11 December 2013 regarding Bostock's resignation;
14. the Press Release dated 11 December 2013 regarding OFAC compliance; and
15. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 14. were filed with the FSA and the FCA, respectively. The document referred to in 15. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 3 March 2014

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

28 January 2014

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES**")

(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS**")

RELATING TO

WARRANTS (THE "**WARRANTS**")

(**TWELFTH SUPPLEMENT**)

(THE REVERSE EXCHANGEABLE SECURITIES TOGETHER WITH THE WARRANTS, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that it has agreed a pre-IPO deal for Williams & Glyn's which was published on 27 September 2013;

(ii) to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the "**Unaudited Interim Statement Q3 2013 of RBSG**") which was published on 1 November 2013;

(iii) to update a certain risk factor related to the Issuer as a consequence of the publication of, and the incorporation by reference into the Base Prospectus of, the Unaudited Interim Statement Q3 2013 of RBSG;

(iv) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with SEC on RMBS securitisation" which was published on 7 November 2013;

(v) to update the Base Prospectuses with respect to the revisions of the expected ratings of the Issuer by Standard & Poor's Credit Market Services Europe Limited which were announced on 7 November 2013;

(vi) to update the Base Prospectuses with respect to an announcement by RBSG entitled "RBS reaches settlement with the European Commission" which was published on 4 December 2013; and

(vii) to update the Base Prospectuses with respect to the announcements by RBSG entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" and "RBS Confirms Bostock to resign as Group Finance Director" which were published on 11 December 2013.

1. In the Base Prospectuses, in the section "**SUMMARY**", subsection "**Risk Factors relating to the Issuer**" (as inserted into the Base Prospectuses by Supplement dated 15 April 2013), the 19th bullet point ("The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.") shall be replaced as follows:

- The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", subsection "**Risikofaktoren in Bezug auf die Emittentin**" (as inserted into the Base Prospectuses by Supplement dated 15 April 2013), the 19th bullet point ("Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.") shall be replaced as follows:

- Die Fähigkeit der Gruppe, ihren neuen Strategieplan umzusetzen und ihre Kapitalziele zu erreichen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihre Pläne zur weiteren Stärkung ihrer Bilanz und Kapitalausstattung zu konzentrieren.

3. In the Base Prospectuses, in the section "RISK FACTORS", the subsection "1. RISK FACTORS RELATED TO THE ISSUER" shall be replaced as follows:

1. RISK FACTORS RELATED TO THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

The risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" beginning on page 14 of the Registration Document shall be updated as follows:

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury ("**HM Treasury**") as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:

- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

4. In the Base Prospectuses, section "INFORMATION ABOUT THE ISSUER", the subsection "Registration Document" shall be replaced as follows:

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its office in London or any other office, as specified in the Final Terms, as issuer of the Securities (the "Issuer") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**"), excluding:

- (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
- (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
- (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
- (iv) the subsection "Large exposure regime" on page 26;
- (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
- (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 (see "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following risk factor "The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position" and the following subsections "Assets, owners' equity and capital ratios" and "Recent Developments".

The Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the Group's refocus on its core strengths and its plans to further strengthen its balance sheet and capital position

Since the global economic and financial crisis that began in 2008 and the changed global economic outlook, the Group has been engaged in a financial and core business restructuring which focused on

achieving appropriate risk-adjusted returns under these changed circumstances, reducing reliance on wholesale funding and lowering exposure to capital-intensive businesses. A key part of the restructuring programme announced in February 2009 was to run-down and sell the Group's non-core assets and businesses and the continued review of the Group's portfolio to identify further disposals of certain non-core assets and businesses. Assets identified for this purpose and allocated to the Group's Non-Core division totalled £258 billion, excluding derivatives, at 31 December 2008. By 30 September 2013, this total had reduced to £37.3 billion (31 December 2012: £57.4 billion), excluding derivatives, as further progress was made in business disposals and portfolio sales during the course of 2013. This balance sheet reduction programme continues alongside the disposals under the State Aid restructuring plan approved by the European Commission. During 2012 the Group implemented changes to its wholesale banking operations, including the reorganisation of its wholesale businesses and the exit and downsizing of selected existing activities (including cash equities, corporate banking, equity capital markets, and mergers and acquisitions).

During the third quarter of 2013, the Group has worked with Her Majesty's Treasury as part of its assessment of the merits of creating an external "bad bank" to hold certain assets of the Group. Although the review concluded that the establishment of an external "bad bank" was not in the best interests of all stakeholders, the Group has committed to take a series of actions to further de-risk its business and strengthen its capital position. These actions include:

- the creation of an internal "bad bank" to manage the run-down of problem assets projected to be £38 billion by the end of 2013, with the goal of removing 55 to 70% of these assets over the next two years with a clear aspiration to remove all these assets from the balance sheet in three years; and
- lifting capital targets including by:
- accelerating the divestment of Citizens, the Group's US banking subsidiary, with a partial initial public offering now planned for 2014, and full divestment of the business intended by the end of 2016;
- intensifying management actions to reduce risk weighted assets.

In addition to the actions above, the Group has also announced that it is undertaking a full review of the Group's Customer-facing businesses, IT and operations and its organisational and decision-making structures to develop detailed plans on how the Group can realign its cost base with a target of reducing its cost to income percentage into the mid 50s, down from 65 per cent. currently. The outcome of this review will be announced at the time of the Group's 2013 year-end results in February 2014. The outcome of such review could result in additional actions to those identified above, including asset sales, restructuring of businesses and other similar actions.

Because the ability to dispose of businesses and assets and the price achieved for such disposals will be dependent on prevailing economic and market conditions, which remain volatile, there is no assurance that the Group will be able to sell or run-down (as applicable) the businesses it has planned to sell or exit or asset portfolios it is seeking to sell either on favourable economic terms to

the Group or at all. Material tax or other contingent liabilities could arise on the disposal or run-down of assets or businesses and there is no assurance that any conditions precedent agreed will be satisfied, or consents and approvals required will be obtained in a timely manner, or at all. There is consequently a risk that the Group may fail to complete such disposals within time frames envisaged by the Group.

The Group may be exposed to deteriorations in businesses or portfolios being sold between the announcement of the disposal and its completion, which period may be lengthy and may span many months. In addition, the Group may be exposed to certain risks, including risks arising out of ongoing liabilities and obligations, breaches of covenants, representations and warranties, indemnity claims, transitional services arrangements and redundancy or other transaction related costs.

The occurrence of any of the risks described above could negatively affect the Group's ability to implement its new strategic plan and achieve its capital targets and could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows.

5. In the Base Prospectuses, section "**INFORMATION ABOUT THE ISSUER**", the following shall be added to the subsection "**Recent developments**" (inserted into the Base Prospectus by Supplement dated 15 April 2013) after the paragraph with the heading "*Ross McEwan appointed as RBSG Chief Executive*" (inserted into the Base Prospectuses by Supplement dated 7 August 2013):

RBSG strikes pre-IPO deal for Williams & Glyn's

On 27 September 2013, RBSG announced that it has agreed a £600 million pre-IPO investment in its Williams & Glyn's business (formerly known as "Project Rainbow") – which centres around 314 branches in the UK - with a consortium of investors led by global financial services specialists Corsair Capital and Centerbridge Partners.

In addition to Corsair and Centerbridge, the consortium includes the Church Commissioners for England and RIT Capital Partners plc (together, the "**Consortium Investors**").

As a condition of the state aid received by RBSG, the Issuer Group was required to divest 308 branches of the Issuer in England and Wales and 6 NatWest branches in Scotland, with the associated retail and small and medium enterprise (SME) customers, direct SME customers and a portfolio of mid-corporate customers. The business serves nearly 1.7 million customers, currently employs around 4,500 people and in the future will employ approximately 6,000 people. It has a broad national footprint and a £19.7 billion loan book, funded by £22.2 billion in customer deposits.

RBSG will work with HM Treasury and the European Commission to agree an extension to the timetable for the disposal of Williams & Glyn's in due course.

Following completion of the operational and legal separation of the business into a standalone bank to be branded Williams & Glyn's, an exercise that is already well underway, RBSG will pursue an Initial Public Offering ("**IPO**"). The pre-IPO investment announced on 27 September 2013 takes the form of a £600 million bond to be issued by RBSG, which will be exchangeable for a significant minority interest in Williams & Glyn's at the time of its IPO. The bond will convert into Williams & Glyn's shares at the IPO price, subject to a minimum ownership level which will be linked to the tangible book value of Williams & Glyn's prior to the IPO, and in any case no more than a stake of 49%. To the extent the maximum ownership level is reached, the bond will be partially redeemed in cash such that the Consortium Investors will receive a total value of £600 million of cash and shares at the IPO price. At the IPO, subject to RBSG's consent, the Consortium Investors will have the option to acquire up to 10 per cent. additionally at the IPO price, subject to their pro forma ownership being no more than 49 per cent. in aggregate.

The subscription for the bond will be satisfied by way of a cash payment from the Consortium Investors. RBSG's Markets division is providing a £270 million secured financing package to the Consortium Investors for the investment.

The transaction is subject to necessary regulatory closing conditions including approvals from the European Commission in relation to the timing for satisfaction of RBSG's related state aid commitments.

Updated ratings information

On 7 November 2013, Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") announced revisions to its expected ratings of the Issuer to reflect the fact that a transitional notch, called a 'positive transition notch', that was built into the Group's ratings in late 2011 in recognition of the progress the Group had made in its restructuring, has now been removed. The Group's recent announcement to create an internal bad bank, coupled with Standard & Poor's concerns on execution risk, litigation risk and the potential for conduct related fines has resulted in the removal of this transition notch.

Standard & Poor's is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A-"; senior notes issued by the Issuer with a maturity of less than one year "A-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Standard & Poor's, an "A-" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-2" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is satisfactory. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories. The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Standard & Poor's Ratings Definitions – 24 October 2013" published by Standard & Poor's (available at www.standardandpoors.com).

The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Standard & Poor's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

The Group confirms Nathan Bostock to resign as Group Finance Director

On 11 December 2013, RBSG confirmed that Nathan Bostock has informed the Board of his intention to resign from his role as Group Finance Director. He will remain in his position to oversee an orderly handover of his responsibilities. Details on arrangements for his successor will be announced in due course.

6. In the Base Prospectuses, in the section "**INFORMATION ABOUT THE ISSUER**", the subsection "**Additional Information about the Issuer**" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the unaudited Results for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published on 30 August 2013;
4. the following sections (the "**Relevant Sections of the Annual Report 2012 of RBSG**") of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;

- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections (the "**Relevant Sections of the Annual Report 2011 of RBSG**") of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;

- (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
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 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the "**Unaudited Interim Results 2013 of RBSG**") which were published via the RNS on 2 August 2013;
 7. the unaudited Interim Management Statement Q3 2013 of RBSG for the third quarter ended 30 September 2013 (the "**Unaudited Interim Statement Q3 2013 of RBSG**") which was published via the RNS on 1 November 2013;
 8. the press release entitled "RBS announces planned management changes" of RBSG (the "**Press Release dated 9 May 2013**") which was published via the RNS on 9 May 2013;
 9. the press release entitled "Stephen Hester to leave RBS" of RBSG (the "**Press Release dated 12 June 2013**") which was published via the RNS on 12 June 2013;

10. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the "**Press Release dated 2 August 2013**") which was published via the RNS on 2 August 2013;
11. the press release entitled "RBS reaches settlement with SEC on RMBS securitisation" of RBSG (the "**Press Release dated 7 November 2013**") which was published via the RNS on 7 November 2013;
12. the press release entitled "RBS reaches settlement with the European Commission" of RBSG (the "**Press Release dated 4 December 2013**") which was published via the RNS on 4 December 2013;
13. the press release entitled "RBS Confirms Bostock to resign as Group Finance Director" of RBSG (the "**Press Release dated 11 December 2013 regarding Bostock's resignation**") which was published via the RNS on 11 December 2013; and
14. the press release entitled "RBS reaches settlement with US Authorities regarding OFAC compliance" (the "**Press Release dated 11 December 2013 regarding OFAC compliance**") of RBSG which was published via the RNS on 11 December 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

7. In the Base Prospectuses, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (except for no. 16) are incorporated by reference in the section "Information about the Issuer" of this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the following information on pages 1 and 2 within the section entitled "Introduction":
 - the first sentence of the fourth paragraph of such section, which begins with the words "Standard & Poor's";
 - the fifth paragraph of such section, which begins with the words "As defined by Standard & Poor's"; and
 - limb (i) of the eighth paragraph of such section, which begins with the words "the publication entitled "Standard & Poor's Ratings Definitions";
 - (ii) the risk factor entitled "The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme" on pages 14 and 15 within the section entitled "Risk Factors";
 - (iii) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (iv) the subsection "Large exposure regime" on page 26;
 - (v) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (vi) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Unaudited Interim Results 2013 of the Issuer;
5. the Relevant Sections of the Annual Report 2012 of RBSG;
6. the Relevant Sections of the Annual Report 2011 of RBSG;
7. the Unaudited Interim Results 2013 of RBSG;
8. the Unaudited Interim Statement Q3 2013 of RBSG;

9. the Press Release dated 9 May 2013;
10. the Press Release dated 12 June 2013;
11. the Press Release dated 2 August 2013;
12. the Press Release dated 7 November 2013;
13. the Press Release dated 4 December 2013;
14. the Press Release dated 11 December 2013 regarding Bostock's resignation;
15. the Press Release dated 11 December 2013 regarding OFAC compliance; and
16. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 15. were filed with the FSA and the FCA, respectively. The document referred to in 16. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 28 January 2014

The Royal Bank of Scotland plc

By:

JÖRN PEGLOW
Authorised Signatory

4 September 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**THIRTEENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(ELEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(THIRTEENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(ELEVENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Results for the half year ended 30 June 2013 of The Royal Bank of Scotland plc (the "**Issuer**") which were published on 30 August 2013.

1. In the Base Prospectuses, in the section "**SUMMARY**", the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Results for the half year ended 30 June 2013 of the Issuer, the Issuer Group had total assets of £1,203 billion and shareholder's equity of £59 billion as at 30 June 2013. The Issuer Group's capital ratios as at that date were a total capital ratio of 16.4 per cent, a Core Tier 1 capital ratio of 10.2 per cent and a Tier 1 capital ratio of 11.9 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the third paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach den ungeprüften Finanzinformationen der Emittentin zum 30. Juni 2013 (*Results for the half year ended 30 June 2013*) betragen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.203 Mrd. und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 16,4 % für die Gesamtkapitalquote, 10,2 % für die Kernkapitalquote (*Core Tier 1*) und 11,9 % für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the first paragraph in the subsection "**Significant changes**" shall be replaced as follows:

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

4. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "RNS") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;

- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;

- (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
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 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
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 - (xxvi) Regulatory developments and reviews on page 444;
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 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013;

9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published via the RNS on 2 August 2013; and
10. the unaudited Results for the half year ended 30 June 2013 of the Issuer which were published via the RNS on 30 August 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", the first paragraph in the subsection "**Significant Changes**" shall be replaced as follows:

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2013 (the end of the last financial period for which unaudited financial information of the Issuer Group has been published).

6. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "**Additional Information about the Issuer**" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
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4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

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 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
5. the press release entitled "RBS announces planned management changes" of RBSG (the **"Press Release dated 9 May 2013"**) which was published via the RNS on 9 May 2013;
 6. the press release entitled "Stephen Hester to leave RBS" of RBSG (the **"Press Release dated 12 June 2013"**) which was published via the RNS on 12 June 2013;
 7. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the **"Press Release dated 2 August 2013"**) which was published via the RNS on 2 August 2013;
 8. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the **"Unaudited H1 2013 Results of RBSG"**) which were published via the RNS on 2 August 2013; and

9. the unaudited Results for the half year ended 30 June 2013 of the Issuer (the "**Unaudited Interim Results 2013 of the Issuer**") which were published via the RNS on 30 August 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

7. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
7. the Press Release dated 9 May 2013;
8. the Press Release dated 12 June 2013;
9. the Press Release dated 2 August 2013;
10. the Unaudited H1 2013 Results of RBSG; and
11. the Unaudited Interim Results 2013 of the Issuer.

The documents referred to in 1. to 5. and 7. to 11. were filed with the FSA and the FCA, respectively. The document referred to in 6. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland

Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 4 September 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

7 August 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**TWELFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(TENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(TWELFTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(TENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") that Ross McEwan has been appointed as RBSG Chief Executive which was published on 2 August 2013; and

(ii) to update the Base Prospectuses with respect to the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published on 2 August 2013.

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, in the subsection **"Recent developments"** after the paragraph with the heading *"Refocusing of the Markets division of the Issuer"* the following paragraph shall be inserted:

Ross McEwan appointed as RBSG Chief Executive

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

2. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE", the subsection "Documents incorporated by reference" shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "RNS") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;

- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;

- (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013;
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013;
 8. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" which was published via the RNS on 2 August 2013; and

9. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 which were published via the RNS on 2 August 2013.

The documents referred to above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

3. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", in the subsection "**Recent developments**" after the paragraph with the heading "*Refocusing of the Markets division of the Issuer*" the following paragraph shall be inserted:

Ross McEwan appointed as RBSG Chief Executive

On 2 August 2013, RBSG announced that Ross McEwan has been appointed as a Director and Group Chief Executive with effect from 1 October 2013.

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "Additional Information about the Issuer" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;
 - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;

- (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
5. the press release entitled "RBS announces planned management changes" of RBSG (the "**Press Release dated 9 May 2013**") which was published via the RNS on 9 May 2013;
 6. the press release entitled "Stephen Hester to leave RBS" of RBSG (the "**Press Release dated 12 June 2013**") which was published via the RNS on 12 June 2013;
 7. the press release entitled "Ross McEwan appointed as RBS Group Chief Executive" of RBSG (the "**Press Release dated 2 August 2013**") which was published via the RNS on 2 August 2013; and
 8. the unaudited Interim Results 2013 of RBSG for the six months ended 30 June 2013 (the "**Unaudited H1 2013 Results of RBSG**") which were published via the RNS on 2 August 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
7. the Press Release dated 9 May 2013;
8. the Press Release dated 12 June 2013;
9. the Press Release dated 2 August 2013; and
10. the Unaudited H1 2013 Results of RBSG.

The documents referred to in 1. to 5. and 7. to 10. were filed with the FSA and the FCA, respectively. The document referred to in 6. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to above will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 7 August 2013

The Royal Bank of Scotland plc

By:

Signature

BENJAMIN A. WEIL
Authorised Signatory

20 June 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**ELEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(NINTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(ELEVENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(NINTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") of planned management changes which was published on 9 May 2013;

(ii) to update the Base Prospectuses with respect to an announcement by RBSG that Stephen Hester will be stepping down as the Group's Chief Executive which was published on 12 June 2013; and

(iii) to update the Base Prospectuses with respect to planned changes in the Markets division of The Royal Bank of Scotland plc (the "**Issuer**") which were announced on 13 June 2013.

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", in the subsection "**Recent developments**" the paragraph with the heading "*Large exposure regime*" shall be replaced by the following paragraphs:

Replacement of the FSA

On 1 April 2013, the UK Financial Services Authority (FSA) was replaced by the Prudential Regulation Authority and the Financial Conduct Authority. With effect from this date, the Issuer (which was previously supervised by the FSA) is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority.

Large exposure regime

The Issuer is subject to the PRA's large exposure regime and specific application to intra-group exposures. Following the grant of a direction by the PRA, the Issuer is no longer in breach of current rules relevant to intra-group exposures and no longer operating within the scope of a PRA-agreed remediation plan.

Planned management changes

On 9 May 2013, RBSG announced planned changes to its management team and Board. Bruce Van Saun (currently Group Finance Director) is to become Chairman and Chief Executive of RBS Citizens Financial Group ("**Citizens**"), replacing Ellen Alemany who will retire from Citizens after more than 5 years service. Nathan Bostock (currently Chief Risk Officer) will become Group Finance Director. Nathan Bostock will be replaced by David Stephen (currently Deputy Group Chief Risk Officer) as Chief Risk Officer. The appointments will take effect on 1 October 2013 at which point Nathan Bostock will replace Bruce Van Saun as an Executive Director of RBSG. All will be members of the Group Executive Committee.

Stephen Hester to leave the Group

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

Refocusing of the Markets division of the Issuer

On 13 June 2013, the Issuer announced that it will be refocusing its Markets division to concentrate on its core wholesale fixed income product strengths across rates, currencies, asset-backed products and credit and debt capital markets. As part of this exercise, the Issuer plans to exit all structured retail investor products (which includes new primary market issuance of Securities offered under this

Base Prospectus), equity derivatives (other than liquid equity index products within its Dynamic Strategies and Hybrids businesses), as well as peripheral market-making activities. The businesses that the Issuer plans to exit will be transferred to a business unit of the Issuer managed in the Markets division where it is intended that they will be divested through a sales process or otherwise exited through a managed wind-down process. The Issuer intends to continue to provide secondary market liquidity for all relevant products where it is legally or contractually required to do so. The Exchange Traded Product business of the Issuer will, for the time being, continue to issue certain products during the sales process. Save for Exchange Traded Products, primary market transactions will only be executed on an exceptions basis. The Issuer remains committed to meeting its existing obligations to its customers.

2. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "RNS") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;

- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading – Highlights on pages 2 to 3;
- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;

- (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman’s statement on page 9;
 - (xii) Group Chief Executive’s review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
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 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
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 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors’ interests in shares on page 303;
 - (xxii) Financial Summary on pages 433 to 441;
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 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
6. the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published on 3 May 2013;
 7. the press release entitled "RBS announces planned management changes" of RBSG which was published via the RNS on 9 May 2013; and
 8. the press release entitled "Stephen Hester to leave RBS" of RBSG which was published via the RNS on 12 June 2013.

The documents mentioned above were filed with the FSA and the FCA, respectively. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

3. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", in the subsection "**Recent developments**" the paragraph with the heading "*Large exposure regime*" shall be replaced by the following paragraphs :

Replacement of the FSA

On 1 April 2013, the UK Financial Services Authority (FSA) was replaced by the Prudential Regulation Authority and the Financial Conduct Authority. With effect from this date, the Issuer (which was previously supervised by the FSA) is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the Prudential Regulation Authority.

Large exposure regime

The Issuer is subject to the PRA's large exposure regime and specific application to intra-group exposures. Following the grant of a direction by the PRA, the Issuer is no longer in breach of current rules relevant to intra-group exposures and no longer operating within the scope of a PRA-agreed remediation plan.

Planned management changes

On 9 May 2013, RBSG announced planned changes to its management team and Board. Bruce Van Saun (currently Group Finance Director) is to become Chairman and Chief Executive of RBS Citizens Financial Group ("**Citizens**"), replacing Ellen Alemany who will retire from Citizens after more than 5 years service. Nathan Bostock (currently Chief Risk Officer) will become Group Finance Director. Nathan Bostock will be replaced by David Stephen (currently Deputy Group Chief Risk Officer) as Chief Risk Officer. The appointments will take effect on 1 October 2013 at which point Nathan Bostock will replace Bruce Van Saun as an Executive Director of RBSG. All will be members of the Group Executive Committee.

Stephen Hester to leave the Group

The Board of Directors of RBSG announced on 12 June 2013 that Stephen Hester will be stepping down as the Group's Chief Executive later in 2013. The Board believes that an orderly succession process will give a new CEO time to prepare the privatisation process and to lead the bank in the years that follow. Stephen was unable to make that open-ended commitment following five years in the job already. The search for a successor will commence immediately, led by Philip Hampton on behalf of the Board, and will consider both internal and external candidates. Stephen Hester will continue to lead the business until December 2013 to ensure a smooth handover, unless a successor is in post before then.

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4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "Additional Information about the Issuer" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
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 - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
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4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
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 - (xxx) Glossary of terms on pages 476 to 483;
5. the unaudited Interim Management Statement Q1 2013 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2013 which was published on 3 Mai 2013;
 6. the press release entitled "RBS announces planned management changes" of RBSG (the "**Press Release dated 9 May 2013**") which was published via the RNS on 9 May 2013; and
 7. the press release entitled "Stephen Hester to leave RBS" of RBSG (the "**Press Release dated 12 June 2013**") which was published via the RNS on 12 June 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Unaudited Interim Statement of RBSG;
7. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus);
8. the Press Release dated 9 May 2013; and
9. the Press Release dated 12 June 2013.

The documents referred to in 1. to 6., 8. and 9. were filed with the FSA and the FCA, respectively. The document referred to in 7. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 9. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 20 June 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

3 May 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(TENTH SUPPLEMENT)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(EIGHTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(TENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(EIGHTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q1 2013 of The Royal Bank of Scotland Group plc ("**RBSG**") for the first quarter 2013 ended 31 March 2013 which was published on 3 May 2013.

1. In the Base Prospectuses, in the section "**SUMMARY**", the second paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter 2013 ended 31 March 2013, the Group had total assets of £1,308 billion and owners's equity of £71 billion as at 31 March 2013. The Group's capital ratios as at that date were a total capital ratio of 15.5 per cent, a Core Tier 1 capital ratio 10.8 per cent and a Tier 1 capital ratio of 12.9 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach dem ungeprüften Zwischenbericht Q1 2013 des Managements (*Interim Management Statement Q1 2013*) der RBSG für das am 31. März 2013 endende erste Quartal 2013 betragen die Gesamtvermögenswerte der Gruppe zum 31. März 2013 £1.308 Mrd., und das Eigenkapital der Gruppe betrug £71 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 15,5% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 12,9% für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
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 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the **"RNS"**) on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
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- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

6. the unaudited Interim Management Statement Q1 2013 of RBSG for the first quarter ended 31 March 2013 which was published on 3 May 2013.

The documents mentioned above were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon

request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "Additional Information about the Issuer" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;
 - (xii) Group Chief Executive's review on pages 12 to 13;
 - (xiii) Our key targets on page 15;

- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;

- (x) Essential reading – Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

5. the unaudited Interim Management Statement Q1 2013 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2013 which was published on 3 Mai 2013.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Unaudited Interim Statement of RBSG;
7. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 6. were filed with the FSA. The document referred to in 7. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 6. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 3 May 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

15 April 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**NINTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(SEVENTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(NINTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(SEVENTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is:

(i) to update the Base Prospectuses with respect to the registration document of The Royal Bank of Scotland plc (the "**Issuer**") dated 12 March 2013 which was published on 13 March 2013;

(ii) to update the Base Prospectuses with respect to an announcement by The Royal Bank of Scotland Group plc ("**RBSG**") of a further sale of Direct Line Group ("**DLG**") ordinary shares held by RBSG which was published on 13 March 2013;

(iii) to update the Base Prospectuses with respect to the Annual Report and Accounts 2012 of RBSG for the year ended 31 December 2012 which were published on 27 March 2013; and

(iv) to update the Base Prospectuses with respect to the Annual Report and Accounts 2012 of the Issuer for the year ended 31 December 2012 which were published on 5 April 2013.

1. On the cover page of the Base Prospectuses, the second paragraph shall be replaced as follows:

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**"), as well as in connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**").

2. In the REX Base Prospectus 2011 and in the REX Base Prospectus 2012, in the section "SUMMARY", the first paragraph shall be replaced as follows:

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any reverse exchangeable securities (the "Securities") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

3. In the Warrants Base Prospectus 2011 and in the Warrants Base Prospectus 2012, in the section "SUMMARY", the first paragraph shall be replaced as follows:

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any warrants (the "Securities" or the "Warrants") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

4. In the Base Prospectuses, in the section "**SUMMARY**", the second and the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the Annual Report and Accounts 2012 of RBSG, the Group had total assets of £1,312 billion and owners's equity of £68 billion as at 31 December 2012. The Group's capital ratios as at that date were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

According to the Annual Report and Accounts 2012 of the Issuer, the Issuer Group had total assets of £1,284 billion and owners's equity of £59 billion as at 31 December 2012. The Issuer Group's capital ratios as at that date were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

5. In the Base Prospectuses, in the section "**SUMMARY**", the subsection "**Risk Factors relating to the Issuer**" shall be replaced as follows:

- Risk Factors relating to the Issuer:** The Issuer is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the Group will also be of relevance to the Issuer and the Issuer Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions.
 - The Group has significant exposure to the continuing economic crisis in Europe.
 - The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
 - The Group is subject to political risks. Although the effect of either a potential Scottish independence from the United Kingdom or any referendum on the United Kingdom's EU membership, if either were to occur, is not possible to predict fully, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.
 - The Group and its United Kingdom bank subsidiaries may face the risk of full nationalisation.
 - Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of securities issued by the Group.
 - The Group is subject to other global risks. By virtue of the Group's global presence, the Group is exposed to risks arising out of geopolitical events, such as the existence of trade barriers, the implementation of exchange controls and other measures taken by sovereign governments that can hinder economic or

financial activity levels. Furthermore, unfavourable political, military or diplomatic events, armed conflict, pandemics and terrorist acts and threats, and the response to them by governments could also adversely affect levels of economic activity and have an adverse effect upon the Group's business, financial condition and results of operations.

- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- In the United Kingdom and in other jurisdictions, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to

access sources of liquidity and funding.

- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.
- The regulatory capital treatment of certain deferred tax assets recognised by the Group depends on there being no adverse changes to regulatory requirements.
- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the Group's key regulators could have a material adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the Group, including the write off, write-down or conversion of the Groups' securities.
- The Group is subject to a number of regulatory initiatives which may adversely affect its business. The

Independent Commission on Banking's final report on competition and possible structural reforms in the UK banking industry has been adopted by the UK Government which intends to implement the recommendations substantially as proposed. In addition, other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the Group's US operations together with the UK reforms could require structural changes to the Group's business. Any of these changes could have a material adverse effect on the Group.

- The Group is subject to a number of legal and regulatory actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the Group's operating results or reputation.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group's results could be adversely affected in the event of goodwill impairment.
- The recoverability of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits.
- Operational risks are inherent in the Group's businesses.
- The Group's operations are highly dependent on its information technology systems.
- The Group may suffer losses due to employee misconduct.
- The Group's operations have inherent reputational risk.
- The Group could fail to attract or retain senior

management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.

6. In the REX Base Prospectus 2011 and in the REX Base Prospectus 2012, in the section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", the first paragraph shall be replaced as follows:

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Rohstoffanleihen, Rohstoff-Terminkontraktanleihen, Fondsanleihen, Indexanleihen, Aktienanleihen und Aktienkorporanleihen (die „Wertpapiere“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 12. März 2013 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

7. In the Warrants Base Prospectus 2011 and in the Warrants Base Prospectus 2012, in the section "ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)", the first paragraph shall be replaced as follows:

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Optionsscheine (die „Wertpapiere“ oder die „Optionsscheine“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 12. März 2013 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

8. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second and the third paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der RBSG betragen die Gesamtvermögenswerte der Gruppe zum 31. Dezember 2012 £1.312 Mrd., und das Eigenkapital betrug £68 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,5% für die Gesamtkapitalquote, 10,3% für die Kernkapitalquote (*Core Tier 1*) und 12,4% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2012 (*Annual Report and Accounts 2012*) der Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2012 £1,284 Mrd., und das Eigenkapital betrug £59 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 15,4% für die Gesamtkapitalquote, 9,5% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

9. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the subsection "**Risikofaktoren in Bezug auf die Emittentin**" shall be replaced as follows:

Risikofaktoren in Bezug auf die Emittentin:

Die Emittentin ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die Gruppe beziehen, auch für die Emittentin und die Emittentengruppe relevant.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen beeinträchtigt werden.
- Die Gruppe ist in wesentlichem Maße Risiken aus der anhaltenden Wirtschaftskrise in Europa ausgesetzt.
- Die Gruppe ist in sehr wettbewerbsintensiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Die Gruppe unterliegt politischen Risiken. Obwohl es nicht möglich ist, die Auswirkungen einer möglichen Unabhängigkeit Schottlands vom Vereinigten Königreich oder eines Referendums zur EU-Mitgliedschaft des Vereinigten Königreichs abschließend zu beurteilen, kann der Eintritt eines dieser Ereignisse zu einer wesentlichen Beeinträchtigung des Geschäfts der Gruppe, ihrer Finanzlage, ihres Betriebsergebnisses und ihrer Aussichten führen.
- Die Gruppe und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung ausgesetzt sein.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited (UKFI) als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den

Preis der Wertpapiere der Gruppe beeinträchtigen.

- Die Gruppe unterliegt weiteren globalen Risiken. Durch die weltweite Präsenz der Gruppe ist sie Risiken aus geopolitischen Ereignissen ausgesetzt, wie z.B. bestehenden Handelsbeschränkungen, der Einrichtung von Devisenkontrollen sowie weiteren Maßnahmen souveräner Staaten, die Wirtschafts- oder Finanzaktivitäten behindern können. Darüber hinaus können nachteilige politische, militärische oder diplomatische Ereignisse, bewaffnete Konflikte, übergreifende Epidemien sowie terroristische Handlungen und Bedrohungen und die daraus resultierenden staatlichen Maßnahmen Wirtschaftsaktivitäten beeinträchtigen und nachteilige Auswirkungen auf das Geschäft, die Finanzlage und das Betriebsergebnis der Gruppe haben.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditwürdigkeit von Schuldern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen könnten durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Der Wert und die Wirksamkeit von Kreditabsicherungen, die die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen von Zinssätzen, Wechselkursen, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreisen, Basis-, Volatilitäts- und Korrelationsrisiken und weitere Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt

und werden sie weiter beeinträchtigen.

- Die Gruppe muss im Vereinigten Königreich und in anderen Rechtsordnungen Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in den Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.
- Die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt davon ab, dass sich aufsichtsrechtliche Anforderungen nicht in nachteiliger Weise ändern.
- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab,

sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.

- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben.
- Alle Geschäftsbereiche der Gruppe sind starkem Maße reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen und Veränderungen bei den wichtigsten Aufsichtsbehörden für die Gruppe könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Gruppe unterliegt sowohl nach den derzeitigen als auch den für die zukünftige Umsetzung vorgesehenen Abwicklungs- und Verwertungsverfahren (*resolution and recovery schemes*) einem Abwicklungsverfahren, das verschiedene Maßnahmen im Hinblick auf Wertpapiere der Gruppe zu Folge haben kann und u.a. Abschreibungen oder Wertberichtigungen auf Wertpapiere der Gruppe und die Umwandlung von Wertpapieren der Gruppe beinhaltet.
- Die Gruppe unterliegt verschiedenen regulatorischen Vorhaben, die das Geschäft der Gruppe beeinträchtigen können. Der Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen im Bankwesen des Vereinigten Königreichs der Unabhängigen Kommission zum Bankwesen (*Independent Commission on Banking*) wurde von der Regierung des Vereinigten Königreichs übernommen. Die Regierung beabsichtigt, die darin enthaltenen Empfehlungen im Wesentlichen umzusetzen. Daneben könnten weitere Initiativen, bestimmte Geschäftsaktivitäten abzuschirmen sowie das Vorhaben der US-amerikanischen Zentralbank (*Federal Reserve*), auf Teile der US-amerikanischen Geschäftsaktivitäten der Gruppe die US-Anforderungen im Hinblick auf Kapitalausstattung, Liquidität und erweiterte Aufsicht anzuwenden,

zusammen mit den Reformen im Vereinigten Königreich strukturelle Veränderungen im Geschäft der Gruppe erforderlich machen. Solche Veränderungen könnten wesentliche nachteilige Auswirkungen auf die Gruppe haben.

- Die Gruppe ist verschiedenen Klagen, aufsichtsrechtlichen Verfahren und Untersuchungen ausgesetzt. Nachteilige Entscheidungen im Rahmen dieser Klagen, Verfahren und Untersuchungen können die operativen Ergebnisse und die Reputation der Gruppe wesentlich beeinträchtigen.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Die Werthaltigkeit bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Der Geschäftsbetrieb der Gruppe ist in hohem Maße von ihren IT-Systemen abhängig.
- Die Gruppe kann durch Fehlverhalten von Mitarbeitern Verluste erleiden.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte, einschließlich Verwaltungsratsmitglieder, und andere Mitarbeiter in Schlüsselpositionen zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.

10. In the Base Prospectuses, in the section "RISK FACTORS", the second paragraph shall be replaced as follows:

Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, prospective purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, prospective purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.

11. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, the section "INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "Issuer") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "FSA") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the subsection "Assets, owners' equity and capital ratios" on page 25 of the Registration Document, the subsection "Large exposure regime" on page 26 of the Registration Document, the subsection "No Significant Change and No Material Adverse Change" on page 59 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 of the Registration Document) (see subsection "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios" and "Recent developments".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "Group") had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. The Group's capital ratios as at 31 December 2012 were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "Issuer Group") had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the Issuer Group's capital ratios were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

Recent developments

Direct Line Group – further share sale

On 13 March 2013, the Group announced a further sale of Direct Line Group ("DLG") ordinary shares held by the Group, reducing the Group's ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

Large exposure regime

Following the grant of direction by the UK Prudential Regulation Authority, the Issuer is no longer in breach of certain current rules relevant to intra-group exposures.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the subsection "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report and Accounts 2012 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "RNS") on 5 April 2013;
3. the Annual Report and Accounts 2011 of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
4. the following sections of the Annual Report and Accounts 2012 of RBSG which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;

- (viii) Notes on the consolidated accounts on pages 373 to 474;
- (ix) Parent company financial statements and notes on pages 475 to 486;
- (x) Essential reading - Highlights on pages 2 to 3;
- (xi) Chairman's statement on pages 10 to 11;
- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

5. the following sections of the Annual Report and Accounts 2011 of RBSG which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;

- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading – Highlights on page 1;
- (xi) Chairman’s statement on page 9;
- (xii) Group Chief Executive’s review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors’ remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors’ interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

The documents mentioned above were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

12. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "INFORMATION ABOUT THE ISSUER" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 12 March 2013 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the subsection "Assets, owners' equity and capital ratios" on page 25 of the Registration Document, the subsection "Large exposure regime" on page 26 of the Registration Document, the subsection "No Significant Change and No Material Adverse Change" on page 59 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65 of the Registration Document) (see subsection "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios" and "Recent developments".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,312 billion and owners' equity of £68 billion as at 31 December 2012. The Group's capital ratios as at 31 December 2012 were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio of 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") had total assets of £1,284 billion and owners' equity of £59 billion as at 31 December 2012. As at 31 December 2012, the Issuer Group's capital ratios were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.5 per cent and a Tier 1 capital ratio of 11.0 per cent.

Recent developments

Direct Line Group – further share sale

On 13 March 2013, the Group announced a further sale of Direct Line Group ("**DLG**") ordinary shares held by the Group, reducing the Group's ownership of DLG below the 50 per cent. level. As a result, DLG has ceased to be a principal subsidiary undertaking of RBSG.

Large exposure regime

Following the grant of direction by the UK Prudential Regulation Authority, the Issuer is no longer in breach of certain current rules relevant to intra-group exposures.

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

1. the Annual Report and Accounts 2012 of the Issuer (the "**Annual Report 2012 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed "Financial Review – Risk Factors" on page 7 and "Additional Information – Risk Factors" on pages 323 to 335) which were published via the Regulatory News Service of the London Stock Exchange plc (the "**RNS**") on 5 April 2013;
2. the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed "Financial Review – Risk Factors" on page 6 and "Additional Information – Risk Factors" on pages 283 to 296) which were published via the RNS on 26 March 2012;
3. the following sections of the Annual Report and Accounts 2012 of RBSG (the "**Relevant Sections of the Annual Report 2012 of RBSG**") which were published via the RNS on 27 March 2013:
 - (i) Independent auditor's report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 372;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – Highlights on pages 2 to 3;
 - (xi) Chairman's statement on pages 10 to 11;

- (xii) Group Chief Executive's review on pages 12 to 13;
- (xiii) Our key targets on page 15;
- (xiv) Our business and our strategy on pages 16 to 20;
- (xv) Divisional review on pages 21 to 32;
- (xvi) Business review on pages 36 to 293 (excluding the last paragraph of the right column on page 89 and the penultimate paragraph of the left column on page 136);
- (xvii) Corporate governance on pages 303 to 308;
- (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
- (xix) Directors' remuneration report on pages 322 to 342;
- (xx) Compliance report on pages 343 to 344;
- (xxi) Report of the Directors on pages 345 to 349;
- (xxii) Statement of directors' responsibilities on page 350;
- (xxiii) Financial Summary on pages 488 to 497;
- (xxiv) Exchange rates on page 498;
- (xxv) Economic and monetary environment on page 499;
- (xxvi) Supervision on page 500;
- (xxvii) Description of property and equipment on page 501;
- (xxviii) Major shareholders on page 501;
- (xxix) Material contracts on pages 501 to 502; and
- (xxx) Glossary of terms on pages 528 to 535;

4. the following sections of the Annual Report and Accounts 2011 of RBSG (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published via the RNS on 9 March 2012:

- (i) Independent auditor's report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
- (v) Consolidated statement of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;

- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading – Highlights on page 1;
- (xi) Chairman’s statement on page 9;
- (xii) Group Chief Executive’s review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors’ remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors’ interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2012 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

13. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "GENERAL INFORMATION", the subsection "Available Documents" shall be replaced as follows:

Available Documents

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the relevant Final Terms. In addition, copies of the documents set forth hereinafter under (1.) and (4.)-(5.) will be available via the Issuer's website as specified in the Final Terms:

1. the Registration Document;
2. the Annual Report 2012 of the Issuer;
3. the Annual Report 2011 of the Issuer;
4. this Base Prospectus and any Supplements; and
5. any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

14. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**GENERAL INFORMATION**", the subsection "**Available Documents**" shall be replaced as follows:

Available Documents

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the relevant Final Terms. In addition, copies of the documents set forth hereinafter under (1.) and (4.)-(6.) will be available via the Issuer's website as specified in the Final Terms:

1. the Registration Document;
2. the Annual Report 2012 of the Issuer;
3. the Annual Report 2011 of the Issuer;
4. the Base Prospectus 2011 and any Supplements thereto;
5. this Base Prospectus and any Supplements; and
6. any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in a regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

15. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

1. the Registration Document, excluding:
 - (i) the subsection "Assets, owners' equity and capital ratios" on page 25;
 - (ii) the subsection "Large exposure regime" on page 26;
 - (iii) the sub-section "No Significant Change and No Material Adverse Change" on page 59; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 63 to 65;
2. the Annual Report 2012 of the Issuer (excluding the sections "Financial review – Risk factors" on page 7 and "Risk factors" on pages 323 to 335);
3. the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
4. the Relevant Sections of the Annual Report 2012 of RBSG;
5. the Relevant Sections of the Annual Report 2011 of RBSG;
6. the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in 1. to 5. were filed with the FSA. The document referred to in 6. was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in 1. to 6. will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 15 April 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

28 February 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**EIGHTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(SIXTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(EIGHTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(SIXTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the preliminary unaudited Annual Results 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") for the year ended 31 December 2012 which were published on 28 February 2013.

1. In the Base Prospectuses, in the section "**SUMMARY**", the second paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the preliminary unaudited Annual Results 2012 of RBSG for the year ended 31 December 2012, the RBSG Group had total assets of £1,312 billion and owners's equity of £68 billion as at 31 December 2012. The RBSG Group's capital ratios as at that date were a total capital ratio of 14.5 per cent, a Core Tier 1 capital ratio 10.3 per cent and a Tier 1 capital ratio of 12.4 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach den vorläufigen ungeprüften Jahresergebnissen 2012 der RBSG (*Annual Results 2012*) für das am 31. Dezember 2012 endende Jahr betragen zum 31. Dezember 2012 die Gesamtvermögenswerte der RBSG Gruppe £1.312 Mrd., und das Eigenkapital der RBSG Gruppe betrug £68 Mrd. Die Kapitalquoten der RBSG Gruppe zu diesem Datum betragen 14,5% für die Gesamtkapitalquote, 10,3% für die Kernkapitalquote (*Core Tier 1*) und 12,4% für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"**, the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document, excluding:

- (i) the following information within the section "Introduction":
 - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
 - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
 - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
- (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
- (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
- (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69.

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;

- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;

- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review - Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.
7. The preliminary unaudited Annual Results 2012 of RBSG for the year ended 31 December 2012 which were published on 28 February 2013.
8. The unaudited Results of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.
9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.
10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "Additional Information about the Issuer" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;

- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;

- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

d) the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;

e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;

f) the preliminary unaudited Annual Results 2012 of RBSG (the "**Unaudited Annual Results 2012 of RBSG**") for the year ended 31 December 2012 which were published on 28 February 2013;

g) the unaudited Results of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012;

h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and

i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published by RBSG on 17 October 2012.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) The Registration Document, excluding:
 - (i) the following information within the section "Introduction":
 - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
 - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
 - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011";
 - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
 - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Annual Results 2012 of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;

- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(k) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 28 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

8 February 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**SEVENTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(FIFTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(SEVENTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(FIFTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the press release entitled "RBS reaches LIBOR settlements" which was published by The Royal Bank of Scotland Group plc ("**RBSG**") on 6 February 2013.

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**", the paragraph headed "*LIBOR*" in the subsection "**Investigations**" shall be replaced as follows:

LIBOR

On 6 February 2013, RBSG announced that the Group has reached a settlement with the FSA in the United Kingdom, the United States Commodity Futures Trading Commission ("**CFTC**") and the United States Department of Justice ("**DOJ**"), in relation to investigations into submissions, communications and procedures around the setting of the London Interbank Offered Rate ("**LIBOR**"). The Group has agreed to pay penalties of £87.5 million, USD 325 million and USD 150 million to the FSA, CFTC and DOJ respectively, to resolve the investigations. As part of the agreement with the DOJ, the Issuer has entered into a deferred prosecution agreement in relation to one count of wire fraud relating to Swiss Franc LIBOR and one count for an antitrust violation relating to Yen LIBOR. RBS Securities Japan Limited has also agreed to enter a plea of guilty to one count of wire fraud relating to Yen LIBOR. Among other things, the Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The Group will continue to cooperate in the investigations by the FSA, CFTC and DOJ, as well as investigations by various other governmental, regulatory and competition authorities. The other authorities include the European Commission and the Japan Financial Services Agency.

2. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**INFORMATION ABOUT THE ISSUER**", the paragraph headed "*LIBOR*" in the subsection "**Investigations**" shall be replaced as follows:

LIBOR

On 6 February 2013, RBSG announced that the Group has reached a settlement with the FSA in the United Kingdom, the United States Commodity Futures Trading Commission ("**CFTC**") and the United States Department of Justice ("**DOJ**"), in relation to investigations into submissions, communications and procedures around the setting of the London Interbank Offered Rate ("**LIBOR**"). The Group has agreed to pay penalties of £87.5 million, USD 325 million and USD 150 million to the FSA, CFTC and DOJ respectively, to resolve the investigations. As part of the agreement with the DOJ, the Issuer has entered into a deferred prosecution agreement in relation to one count of wire fraud relating to Swiss Franc LIBOR and one count for an antitrust violation relating to Yen LIBOR. RBS Securities Japan Limited has also agreed to enter a plea of guilty to one count of wire fraud relating to Yen LIBOR. Among other things, the Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The Group will continue to cooperate in the investigations by the FSA, CFTC and DOJ, as well as investigations by various other governmental, regulatory and competition authorities. The other authorities include the European Commission and the Japan Financial Services Agency.

London, 8 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

4 February 2013

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**SIXTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(FOURTH SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(SIXTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(FOURTH SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the press release entitled "Update on past sales of Interest Rate Hedging Products" which was published by The Royal Bank of Scotland Group plc ("**RBSG**") on 31 January 2013.

1. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE" the subsection "FSA agreement in relation to interest rate swap products for small and medium enterprises" shall be replaced as follows:

FSA agreement in relation to interest rate swap products for small and medium enterprises

On 29 June 2012, the Issuer announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, the Issuer has agreed to provide direct and immediate redress.

In its Q2 2012 results, RBSG provided £50 million for the redress it expects to offer retail clients who were sold structured collar products. As a result of an announcement by the FSA dated 31 January 2013 relating to interest rate hedging products ("IRHP") RBSG will, in its 2012 Annual Results, meaningfully increase its provisions to meet the additional costs of redress across its broader SME IRHP portfolio (attributable primarily to products sold in the period 2001 to 2008 when interest rates were higher). This larger provision will be determined once RBSG has further engaged with the FSA on its position. RBSG expects that this provision will remain consistent with the achievement of its target capital ratios.

2. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER", the subsection "**FSA agreement in relation to interest rate swap products for small and medium enterprises**" shall be replaced as follows:

FSA agreement in relation to interest rate swap products for small and medium enterprises

On 29 June 2012, the Issuer announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, the Issuer has agreed to provide direct and immediate redress.

In its Q2 2012 results, RBSG provided £50 million for the redress it expects to offer retail clients who were sold structured collar products. As a result of an announcement by the FSA dated 31 January 2013 relating to interest rate hedging products ("IRHP") RBSG will, in its 2012 Annual Results, meaningfully increase its provisions to meet the additional costs of redress across its broader SME IRHP portfolio (attributable primarily to products sold in the period 2001 to 2008 when interest rates were higher). This larger provision will be determined once RBSG has further engaged with the FSA on its position. RBSG expects that this provision will remain consistent with the achievement of its target capital ratios.

London, 4 February 2013

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

6 November 2012

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**FIFTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(THIRD SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(FIFTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(THIRD SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"SECURITIES")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website).

The purpose of this Supplement is to update the Base Prospectuses with respect to the unaudited Interim Management Statement Q3 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") for the third quarter 2012 ended 30 September 2012 which was published on 2 November 2012.

1. In the Base Prospectuses, in the section "**SUMMARY**", the second paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Interim Management Statement Q3 2012 of RBSG for the third quarter 2012 ended 30 September 2012, the Group had total assets of £1,377 billion and owners' equity of £73 billion as at 30 September 2012. The Group's capital ratios at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 11.1 per cent and a Tier 1 capital ratio of 13.4 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach dem ungeprüften Zwischenbericht Q3 2012 des Managements (*Interim Management Statement Q3 2012*) der RBSG für das am 30. September 2012 endende dritte Quartal 2012 betragen zum 30. September 2012 die Gesamtvermögenswerte der Gruppe £1.377 Mrd., und das Eigenkapital der Gruppe betrug £73 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 11,1% für die Kernkapitalquote (*Core Tier 1*) und 13,4% für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section **"INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE"** the subsection **"Documents incorporated by reference"** shall be replaced as follows:

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document, excluding:

- (i) the following information within the section "Introduction":
 - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
 - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
 - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011"";
- (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
- (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
- (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69.

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;

- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;

- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review - Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.
7. The unaudited Interim Management Statement Q3 2012 of RBSG for the third quarter ended 30 September 2012 (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5) which was published on 2 November 2012.
8. The unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.
9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.
10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER" the subsection "Registration Document" shall be replaced as follows:

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "Issuer") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority; the "FSA") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"), excluding:

- (i) the following information within the section "Introduction":
 - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
 - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
 - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011";
- (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
- (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
- (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69.

The information contained in the Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

5. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "INFORMATION ABOUT THE ISSUER" the subsection "Additional Information about the Issuer" shall be replaced as follows:

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;

- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;

- (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
 - (xix) Directors' remuneration report on pages 274 to 295;
 - (xx) Report of the directors on pages 298 to 302;
 - (xxi) Directors' interests in shares on page 303;
 - (xxii) Financial summary on pages 433 to 441;
 - (xxiii) Exchange rates on page 441;
 - (xxiv) Economic and monetary environment on page 442;
 - (xxv) Supervision on page 443;
 - (xxvi) Regulatory developments and reviews on page 444;
 - (xxvii) Description of property and equipment on page 445;
 - (xxviii) Major shareholders on page 445;
 - (xxix) Material contracts on pages 445 to 450; and
 - (xxx) Glossary of terms on pages 476 to 483;
- d) the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;
- e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- f) the unaudited Interim Management Statement Q3 2012 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the third quarter ended 30 September 2012 (excluding the last sentence in the paragraph headed "Fair value of own debt and derivative liabilities" on page 5) which was published on 2 November 2012;
- g) the unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012;
- h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and
- i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published by RBSG on 17 October 2012.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

6. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the Registration Document, excluding:
 - (i) the following information within the section "Introduction":
 - (x) the final sentence of the fourth paragraph of such section on page 1, which begins with the words "Moody's Investors Service Limited";
 - (y) the seventh paragraph of such section on page 2, which begins with the words "As defined by Moody's"; and
 - (z) limb (ii) of the eighth paragraph of such section on page 2, which begins with the words "the publication entitled "Rating Symbols and Definitions December 2011";
 - (ii) the sub-section "Assets, owners' equity and capital ratios" under the section "Description of the Royal Bank of Scotland plc" on page 26;
 - (iii) the sub-section "No Significant Change and No Material Adverse Change" under the section "General Information" on page 63; and
 - (iv) items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69;
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Interim Statement of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;

- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(k) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

London, 6 November 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

24 October 2012

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*; "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**FOURTH SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT

(THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS

**AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(SECOND SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO
WARRANTS (THE "**WARRANTS 2011**")
(FOURTH SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 AS SUPPLEMENTED BY A PREVIOUS SUPPLEMENT
(THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO
WARRANTS (THE "**WARRANTS 2012**")
(SECOND SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, provided that the new factor, mistake or inaccuracy referred to in Section 16(1) WpPG arose before the final closing of the offer to the public and the delivery of the securities.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website). If parts of the Base Prospectuses amended by this Supplement appear in the Final Terms published by the date of this Supplement, these Final Terms shall also be deemed to be amended by this Supplement.

The purpose of this Supplement is:

(i) to provide information relating to an agreement with the United Kingdom Financial Services Authority in relation to interest rate swap products for small and medium enterprises which was published on 29 June 2012;

(ii) to update certain information relating to the proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc (the "**Issuer**") with respect to announcements made on 4 July 2012 and on 10 September 2012;

(iii) to update the Base Prospectus with respect to the unaudited Interim Results 2012 of The Royal Bank of Scotland Group plc ("**RBSG**") which were published on 3 August 2012;

(iv) to update the Base Prospectus with respect to certain information relating to the ongoing litigation and investigations in connection with the setting of the London Interbank Offered Rate (LIBOR) and to provide information in relation to a recent technology incident affecting the RBSG group, all of which was published on 3 August 2012;

(v) to update the Base Prospectus with respect to the unaudited Results for the half year ended 30 June 2012 of the Issuer which were published on 31 August 2012; and

(vi) to update the Base Prospectus with respect to the press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012 and the press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

1. In the Base Prospectuses, in the section "**SUMMARY**", the second paragraph and the third paragraph under the heading "**General Information about the Issuer and the Group**" shall be replaced as follows:

According to the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012, the Group had total assets of £1,415 billion and owners' equity of £74 billion as at 30 June 2012. The Group's capital ratios at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 11.1 per cent and a Tier 1 capital ratio of 13.4 per cent.

According to the unaudited Results for the half year ended 30 June 2012 of the Issuer, the Issuer Group had total assets of £1,359 billion and shareholder's equity of £62 billion as at 30 June 2012. The Issuer Group's capital ratios as at that date were a total capital ratio of 15.4 per cent, a Core Tier 1 capital ratio of 9.9 per cent and a Tier 1 capital ratio of 11.6 per cent.

2. In the Base Prospectuses, in the section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**", the second paragraph and the third paragraph under the heading "**Allgemeine Informationen über die Emittentin und die Gruppe**" shall be replaced as follows:

Nach dem ungeprüften Zwischenbericht 2012 (*Interim Results 2012*) der RBSG für die am 30. Juni 2012 endenden sechs Monate betragen zum 30. Juni 2012 die Gesamtvermögenswerte der Gruppe £1.415 Mrd., und das Eigenkapital der Gruppe betrug £74 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 11,1% für die Kernkapitalquote (*Core Tier 1*) und 13,4% für die Kapitalquote (*Tier 1*).

Nach den ungeprüften Finanzinformationen der Emittentin zum 30. Juni 2012 (*Results for the half year ended 30 June 2012*) betragen die Gesamtvermögenswerte der Emittentengruppe zum 30. Juni 2012 £1.359 Mrd. und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 15,4 % für die Gesamtkapitalquote, 9,9 % für die Kernkapitalquote (*Core Tier 1*) und 11,6 % für die Kapitalquote (*Tier 1*).

3. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, the section "INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**").

The information contained in the Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios", "Proposed Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the Issuer Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Dutch Scheme

On 26 March 2012, RBSG and the Issuer announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, the Issuer and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into the Issuer (together with the proposal for the legal demerger, the "**Dutch Scheme**"). As part of the Dutch Scheme, a substantial part of the business conducted by RBS N.V. in

The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe was transferred to the Issuer (the "**Transferring Businesses**"). The Dutch Scheme was implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into the Issuer through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme. The Issuer and RBS N.V. have discussed the Dutch Scheme in detail with the Dutch Central Bank (*De Nederlandsche Bank*) and the FSA. Implementation of the Dutch Scheme was subject, amongst other matters, to regulatory and court approvals. The regulatory approvals were granted on the basis that the Demerger would not proceed unless the Merger was to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union.

On 4 July 2012, RBSG, the Issuer, RBS Holdings N.V., RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the Group in the UK and Ireland, it would be prudent to defer the implementation of the Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA was advised of the delay and had no objections. De Nederlandsche Bank was aware of the delay.

On 10 September 2012, RBSG, the Issuer, RBS Holdings N.V. and RBS N.V. announced that the final stage of the Dutch Scheme was implemented on such date.

Rating information

Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A3"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moody's.com). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Supplement have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

FSA agreement in relation to interest rate swap products for small and medium enterprises

On 29 June 2012, the Issuer announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, the Issuer has agreed to provide direct and immediate redress. The Issuer is currently not able to reliably estimate the financial impact of this agreement.

Litigation

London Interbank Offered Rate ("LIBOR")

Certain members of the Group have been named as defendants in a number of class actions and individual claims filed in the US with respect to the setting of LIBOR. It is possible that further claims may be threatened or brought in the US or elsewhere relating to the setting of interest rates or interest rate-related trading.

Investigations

LIBOR

The Group continues to co-operate fully with investigations by various governmental and regulatory authorities into its submissions, communications and procedures relating to the setting of LIBOR and other interest rates. The relevant authorities include, amongst others, the US Commodity Futures Trading Commission, the US Department of Justice (Fraud Division), the FSA and the Japanese Financial Services Agency. The Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The Group is also under investigation by competition authorities in a number of jurisdictions, including the European Commission, Department of Justice (Antitrust Division) and Canadian Competition Bureau, stemming from the actions of certain individuals in the setting of LIBOR and other interest rates, as well as interest rate-related trading. The Group is also co-operating fully with these investigations.

It is not possible to reliably measure what effect these investigations, any regulatory findings and any related developments may have on the Group, including the timing and amount of fines or settlements.

Technology incident

On 19 June 2012, the Group was affected by a technology incident, as a result of which the processing of certain customer accounts and payments were subject to considerable delay. The cause of the incident is being investigated by independent external counsel with the assistance of third party advisers, who have been instructed to carry out an independent review. The Group has agreed to reimburse customers for any loss suffered as a result of the incident and has made a provision of £125million in the unaudited Interim Results 2012 of RBSG for this matter. Additional costs may arise once all redress and business disruption items are clear and a further update will be given in the third quarter.

The incident, the Group's handling of the incident and the systems and controls surrounding the processes affected, are the subject of regulatory enquiries (both from the UK and Ireland) and the Group could become a party to litigation. In particular, the Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2012.

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2011.

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document).
2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 which were published on 17 March 2011:
 - (i) Independent auditor's report on page 267;
 - (ii) Consolidated income statement on page 268;
 - (iii) Consolidated statement of comprehensive income on page 269;

- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman’s statement on pages 2 to 3;
- (xi) Group Chief Executive’s review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors’ remuneration report on pages 248 to 263;
- (xx) Directors’ interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the

year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;

- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review - Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.

7. The unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 which were published on 3 August 2012.

8. The unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012.

9. The press release entitled "Statement on disposal of UK Branch-based Business" which was published by RBSG on 15 October 2012.

10. The press release entitled "RBS exits UK Government's Asset Protection Scheme" which was published by RBSG on 17 October 2012.

The documents mentioned above were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

4. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "INFORMATION ABOUT THE ISSUER" shall be replaced as follows:

INFORMATION ABOUT THE ISSUER

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document) (see section "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios", "Proposed Dutch Scheme", "Rating information", "FSA agreement in relation to interest rate swap products for small and medium enterprises", "Litigation" and "Investigations".

Assets, owners' equity and capital ratios

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The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the Issuer Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Dutch Scheme

On 26 March 2012, RBSG and the Issuer announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at

the Court of Session in Scotland, the Issuer and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into the Issuer (together with the proposal for the legal demerger, the "**Dutch Scheme**"). As part of the Dutch Scheme, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe was transferred to the Issuer (the "**Transferring Businesses**"). The Dutch Scheme was implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into the Issuer through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme. The Issuer and RBS N.V. have discussed the Dutch Scheme in detail with the Dutch Central Bank (*De Nederlandsche Bank*) and the FSA. Implementation of the Dutch Scheme was subject, amongst other matters, to regulatory and court approvals. The regulatory approvals were granted on the basis that the Demerger would not proceed unless the Merger was to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union.

On 4 July 2012, RBSG, the Issuer, RBS Holdings N.V., RBS N.V. and RBS II B.V. decided that, as a result of technology issues which affected the Group in the UK and Ireland, it would be prudent to defer the implementation of the Dutch Scheme which was scheduled to take place on 9 July 2012. The FSA was advised of the delay and had no objections. De Nederlandsche Bank was aware of the delay.

On 10 September 2012, RBSG, the Issuer, RBS Holdings N.V. and RBS N.V. announced that the final stage of the Dutch Scheme was implemented on such date.

Rating information

Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by the Issuer with a maturity of one year or more "A3"; senior notes issued by the Issuer with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by the Issuer will be rated on a case-by-case basis.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moody's.com). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Supplement.

The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Supplement have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

FSA agreement in relation to interest rate swap products for small and medium enterprises

On 29 June 2012, the Issuer announced that it, in common with a number of other UK banks, had reached an agreement with the FSA on an approach to the mis-selling issues surrounding interest rate swap products for small and medium enterprises (SMEs). The agreement includes an independent review process which is intended to provide certainty for affected customers and other stakeholders. In respect of less sophisticated customers who entered into more complex swap products, the Issuer has agreed to provide direct and immediate redress. The Issuer is currently not able to reliably estimate the financial impact of this agreement.

Litigation

London Interbank Offered Rate ("LIBOR")

Certain members of the Group have been named as defendants in a number of class actions and individual claims filed in the US with respect to the setting of LIBOR. It is possible that further claims may be threatened or brought in the US or elsewhere relating to the setting of interest rates or interest rate-related trading.

Investigations

LIBOR

The Group continues to co-operate fully with investigations by various governmental and regulatory authorities into its submissions, communications and procedures relating to the setting of LIBOR and other interest rates. The relevant authorities include, amongst others, the US Commodity Futures Trading Commission, the US Department of Justice (Fraud Division), the FSA and the Japanese Financial Services Agency. The Group has dismissed a number of employees for misconduct as a result of its investigations into these matters.

The Group is also under investigation by competition authorities in a number of jurisdictions, including the European Commission, Department of Justice (Antitrust Division) and Canadian Competition Bureau, stemming from the actions of certain individuals in the setting of LIBOR and other interest

rates, as well as interest rate-related trading. The Group is also co-operating fully with these investigations.

It is not possible to reliably measure what effect these investigations, any regulatory findings and any related developments may have on the Group, including the timing and amount of fines or settlements.

Technology incident

On 19 June 2012, the Group was affected by a technology incident, as a result of which the processing of certain customer accounts and payments were subject to considerable delay. The cause of the incident is being investigated by independent external counsel with the assistance of third party advisers, who have been instructed to carry out an independent review. The Group has agreed to reimburse customers for any loss suffered as a result of the incident and has made a provision of £125million in the unaudited Interim Results 2012 of RBSG for this matter. Additional costs may arise once all redress and business disruption items are clear and a further update will be given in the third quarter.

The incident, the Group's handling of the incident and the systems and controls surrounding the processes affected, are the subject of regulatory enquiries (both from the UK and Ireland) and the Group could become a party to litigation. In particular, the Group could face legal claims from those whose accounts were affected and could itself have claims against third parties.

Additional Information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;

- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;

- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

d) the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;

- e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012;
- f) the unaudited Interim Results 2012 of RBSG for the six months ended 30 June 2012 (the "**Unaudited Interim Results of RBSG**") which were published on 3 August 2012;
- g) the unaudited Results 2012 of the Issuer for the half year ended 30 June 2012 (the "**Unaudited Interim Results of the Issuer**") which were published on 31 August 2012;
- h) the press release entitled "Statement on disposal of UK Branch-based Business" (the "**Press Release dated 15 October 2012**") which was published by RBSG on 15 October 2012; and
- i) the press release entitled "RBS exits UK Government's Asset Protection Scheme" (the "**Press Release dated 17 October 2012**") which was published by RBSG on 17 October 2012.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 30 June 2012.

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2011.

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

5. In the Warrants Base Prospectus 2011 and in the REX Base Prospectus 2011, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (e)-(f) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) the Unaudited Interim Results of the Issuer;
- (e) this Base Prospectus and any Supplements; and
- (f) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

6. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, in the section "**GENERAL INFORMATION**" the subsection "**Available Documents**" shall be replaced as follows:

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (e)-(g) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) the Unaudited Interim Results of the Issuer;
- (e) the Base Prospectus 2011 and any Supplements thereto;
- (f) this Base Prospectus and any Supplements; and
- (g) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

7. In the Warrants Base Prospectus 2012 and in the REX Base Prospectus 2012, the section "**DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced as follows:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document);
- (b) the Relevant Sections of the Annual Report 2010 of RBSG;
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG;
- (e) the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296);
- (f) the Press Release dated 1 May 2012;
- (g) the Unaudited Interim Results of RBSG;
- (h) the Unaudited Interim Results of the Issuer;
- (i) the Press Release dated 15 October 2012;
- (j) the Press Release dated 17 October 2012; and
- (k) the Conditions 2011 (incorporated in the subsection "Increases" of the section "General Information" of this Base Prospectus).

The documents referred to in (a)-(j) were filed with the FSA. The document referred to in (k) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(k) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

London, 24 October 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

27 June 2012

The Royal Bank of Scotland plc

*(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)*

SUPPLEMENT

IN ACCORDANCE WITH SECTION 16(1) OF THE GERMAN SECURITIES PROSPECTUS ACT

(*WERTPAPIERPROSPEKTGESETZ*, "**WpPG**")

TO THE FOLLOWING BASE PROSPECTUSES

(THE "**BASE PROSPECTUSES**"):

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS

(THE "**REX BASE PROSPECTUS 2011**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND
REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

(THE "**REVERSE EXCHANGEABLE SECURITIES 2011**")

(**THIRD SUPPLEMENT**)

BASE PROSPECTUS DATED 19 JUNE 2012 (THE "**REX BASE PROSPECTUS 2012**")

RELATING TO

**COMMODITY REVERSE EXCHANGEABLE SECURITIES, COMMODITY FORWARD CONTRACTS
AND COMMODITY FUTURES CONTRACTS REVERSE EXCHANGEABLE SECURITIES, FUND**

**REVERSE EXCHANGEABLE SECURITIES, INDEX REVERSE EXCHANGEABLE SECURITIES,
SINGLE STOCK REVERSE EXCHANGEABLE SECURITIES, STOCK BASKET REVERSE
EXCHANGEABLE SECURITIES**

**(THE "REVERSE EXCHANGEABLE SECURITIES 2012")
(FIRST SUPPLEMENT)**

BASE PROSPECTUS DATED 24 JUNE 2011 AS SUPPLEMENTED BY PREVIOUS SUPPLEMENTS
(THE "**WARRANTS BASE PROSPECTUS 2011**")

RELATING TO

WARRANTS (THE "**WARRANTS 2011**")
(THIRD SUPPLEMENT)

BASE PROSPECTUS DATED 14 JUNE 2012 (THE "**WARRANTS BASE PROSPECTUS 2012**")

RELATING TO

WARRANTS (THE "**WARRANTS 2012**")
(FIRST SUPPLEMENT)

(THE REVERSE EXCHANGEABLE SECURITIES 2011, THE REVERSE EXCHANGEABLE
SECURITIES 2012, THE WARRANTS 2011 TOGETHER WITH THE WARRANTS 2012, THE
"**SECURITIES**")

If, before this Supplement is published, investors have already agreed to purchase or subscribe for Securities issued under the Final Terms to the Base Prospectuses which have been published by the date of this Supplement, such investors shall have the right to withdraw their declaration of purchase or subscription in accordance with Section 16(3) WpPG within a period of two working days from the date of publication of this Supplement, unless such purchase or subscription has already been completed.

The withdrawal (for which no reasons need to be given) must be declared by written notice to that entity to which the relevant investor addressed the declaration of purchase or subscription or to The Royal Bank of Scotland plc, London office, GBM, Legal Department/German Equities, 250 Bishopsgate, London EC2M 4AA, United Kingdom. Timely dispatch of notice is sufficient to comply with the notice period.

During the validity of the Base Prospectuses and as long as any Securities issued in connection with the Base Prospectuses are listed on any stock exchange or offered to the public, copies of this Supplement and of the Base Prospectuses, as supplemented, will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com and via the Issuer's website www.rbs.de/markets for investors in Germany, www.rbsbank.at/markets for investors in Austria and www.rbs.com/markets for all other investors (or any successor website). If parts of the Base Prospectuses amended by this Supplement appear in the Final Terms published by the date of this Supplement, these Final Terms shall also be deemed to be amended by this Supplement.

1. The section "**SUMMARY**" up to (and including) the paragraph with the heading "**Risk Factors relating to the Issuer**" shall be replaced in the Warrants Base Prospectus 2011 as follows:

SUMMARY

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any warrants (the "Securities" or the "Warrants") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Issuer:	The Royal Bank of Scotland plc (the " Issuer " or " RBS ")
General Information about the Issuer and the Group:	The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " Issuer Group ") is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. The Issuer is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (" RBSG "), which is the holding company of a large global banking and financial services group (RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the " Group "). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc (" NatWest "). The Issuer and NatWest are both major United Kingdom clearing banks. In

the United States, the Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

According to the unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter 2012 ended 31 March 2012, the Group had total assets of £1,403 billion and owners' equity of £73 billion as at 31 March 2012. The Group's capital ratios at that date were a total capital ratio of 14.0 per cent, a Core Tier 1 capital ratio of 10.8 per cent and a Tier 1 capital ratio of 13.2 per cent.

According to the Annual Report and Accounts 2011 of the Issuer, the Issuer Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The Issuer Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 9.2 per cent and a Tier 1 capital ratio of 11.0 per cent.

Risk Factors:

The purpose of the risk factors description is to protect potential purchasers of the Securities from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities. Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision.

Risk Factors relating to the Issuer:

The Issuer is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the Group will also be of relevance to the Issuer and the Issuer Group.

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.

- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The Independent Commission on Banking which was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system has published its final report on competition and possible structural reforms in the UK banking industry (the "**Final Report**"). The Final Report made a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) increased loss-absorbency (including bail-in, i.e. the ability to write down debt or convert it into an issuer's ordinary shares in certain circumstances) and (iii) promotion of competition. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the Group.
- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. ("**RBS N.V.**") to the Issuer may have a material adverse effect on the Group.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the Group's ability to raise new Tier 1 capital.
- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution

procedures under the Banking Act 2009 which may result in various actions being taken in relation to any Securities.

- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn

out to be accurate.

- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group's results could be adversely affected in the event of goodwill impairment.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the Group's businesses.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient

future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.

- The Group's participation in the UK asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the Group and the expected benefits of the asset protection scheme.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares issued by RBSG and the contingent B shares that RBSG may issue may have a material adverse impact on the Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.

2. The section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" up to (and including) the paragraph with the heading "**Risikofaktoren in Bezug auf die Emittentin**" shall be replaced in the Warrants Base Prospectus 2011 as follows:

ZUSAMMENFASSUNG
(GERMAN LANGUAGE VERSION OF THE SUMMARY)

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Optionsscheine (die „Wertpapiere“ oder die „Optionsscheine“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des

Registrierungsformulars der The Royal Bank of Scotland plc vom 24. Februar 2012 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

Emittentin: The Royal Bank of Scotland plc (die „**Emittentin**“ oder „**RBS**“)

Allgemeine Informationen über die Emittentin und die Gruppe: Die Emittentin (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Emittentengruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „**RBSG**“), der Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Gruppe**“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten Königreich, in den Vereinigten Staaten und international durch ihre Haupttochterunternehmen, die Emittentin und die National Westminster Bank Plc („**Natwest**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie

Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.

Nach dem ungeprüften Zwischenbericht Q1 2012 des Managements (*Interim Management Statement Q1 2012*) der RBSG für das am 31. März 2012 endende erste Quartal 2012 betragen zum 31. März 2012 die Gesamtvermögenswerte der Gruppe £1.403 Mrd., und das Eigenkapital der Gruppe betrug £73 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,0% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 13,2% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 9,2% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

Risikofaktoren:

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor dem Erwerb von Anlagen zu schützen, die nicht für ihre Zwecke geeignet sind, sowie die wirtschaftlichen und rechtlichen Risiken, die mit einer Anlage in die Wertpapiere verbunden sind, aufzuzeigen. Potenzielle Käufer der Wertpapiere sollten vor einer Anlageentscheidung die mit einer Anlage in die Wertpapiere verbundenen Risiken bedenken.

Risikofaktoren in Bezug auf die Emittentin:

Die Emittentin ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die Gruppe beziehen, auch für die Emittentin und die Emittentengruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen

sowie durch andere geopolitische Risiken beeinträchtigt werden.

- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*), die durch die Regierung des Vereinigten Königreichs im Juni 2010 eingesetzt wurde, um mögliche Strukturmaßnahmen zur Reform des Bankensystems im Vereinigten Königreich zu prüfen, hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich (der „**Abschlussbericht**“) veröffentlicht. Der Abschlussbericht enthält eine Reihe von Empfehlungen, u.a. im Hinblick auf (i) die Abschirmung der Bankgeschäftstätigkeit mit Privatkunden, (ii) die Erhöhung der Fähigkeit zur Verlustaufnahme (etwa indem der private Sektor zwangsweise an Umstrukturierungsmaßnahmen beteiligt wird (sogenanntes „*bail-in*“) durch die Möglichkeit, Verbindlichkeiten abzuwerten oder sie unter bestimmten Umständen in Stammaktien eines Emittenten zu wandeln) und (iii) die Förderung des Wettbewerbs. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die Gruppe erheblich beeinträchtigen.
- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der The Royal Bank of Scotland

N.V. („**RBS N.V.**“) auf die Emittentin kann die Gruppe wesentlich beeinträchtigen.

- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben, und sie darf keine im Ermessen stehende Dividenden- und Zinszahlungen auf Hybridkapitalinstrumente (einschließlich Vorzugsaktien und B-Aktien) leisten. Dies kann die Fähigkeit der Gruppe beeinträchtigen, neues Kernkapital zu beschaffen.
- Die RBSG und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen Auflösungsverfahren nach dem englischen Bankgesetz von 2009 (*Banking Act 2009*) ausgesetzt sein, was verschiedene Maßnahmen hinsichtlich der Wertpapiere zur Folge haben kann.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen können durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Der Wert und die Wirksamkeit eines Kreditschutzes, den die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt

und werden sie weiter beeinträchtigen.

- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen (einschließlich Änderungen des Steuerrechts) könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der

Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.

- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die Gruppe Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Die Werthaltigkeit und die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.
- Die Beteiligung der Gruppe an dem staatlichen britischen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ist teuer und könnte nicht die erwarteten Vorteile erzielen. Der Eintritt von dazugehörigen Risiken kann das Geschäft, die Kapitalsituation, die Finanzlage und das Betriebsergebnis der Gruppe wesentlich beeinträchtigen.
- Die umfangreichen Anforderungen an die Unternehmensführung (*Governance*) und Verwaltung von Vermögenswerten sowie die umfangreichen Informationsanforderungen gemäß den Bedingungen des Programms (*scheme*) können sich negativ auf die

Gruppe und die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken.

- Änderungen der erwarteten aufsichtsrechtlichen Eigenmittelbehandlung des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten, der von der RBSG ausgegebenen B-Aktien und der bedingten B-Aktien, die die RBSG ausgeben kann, können die Gruppe erheblich beeinträchtigen.
- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen können.
- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.

3. The section "**SUMMARY**" up to (and including) the paragraph with the heading "**Risk Factors relating to the Issuer**" shall be replaced in the REX Base Prospectus 2011 as follows:

SUMMARY

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any reverse exchangeable securities (the "Securities") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor

may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Issuer: The Royal Bank of Scotland plc (the "**Issuer**" or "**RBS**")

General Information about the Issuer and the Group: The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Issuer Group**") is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. The Issuer is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), which is the holding company of a large global banking and financial services group (RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc ("**NatWest**"). The Issuer and NatWest are both major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

According to the unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter 2012 ended 31 March 2012, the Group had total assets of £1,403 billion and owners' equity of £73 billion as at 31 March 2012. The Group's capital ratios at that date were a total capital ratio of 14.0 per cent, a Core Tier 1 capital ratio of 10.8 per cent and a Tier 1 capital ratio of 13.2 per cent.

According to the Annual Report and Accounts 2011 of the Issuer, the Issuer Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The Issuer Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 9.2 per cent and a Tier 1 capital ratio

of 11.0 per cent.

Risk Factors:

The purpose of the risk factors description is to protect potential purchasers of the Securities from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities. Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision.

Risk Factors relating to the Issuer:

The Issuer is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the Group will also be of relevance to the Issuer and the Issuer Group.

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The Independent Commission on Banking which was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system has published its final report on competition and possible structural reforms in the UK banking industry (the "**Final Report**"). The Final Report made a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) increased loss-absorbency (including bail-in, i.e. the ability to write down debt or convert it into an issuer's ordinary shares in certain circumstances) and (iii) promotion of competition. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the Group.

- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. ("**RBS N.V.**") to the Issuer may have a material adverse effect on the Group.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the Group's ability to raise new Tier 1 capital.
- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any Securities.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates,

credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.

- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group's results could be adversely affected in the event of goodwill impairment.
- The Group may be required to make further

contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.

- Operational risks are inherent in the Group's businesses.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The Group's participation in the UK asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the Group and the expected benefits of the asset protection scheme.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares issued by RBSG and the contingent B shares that RBSG may issue may have a material adverse impact on the Group.

- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.

4. The section "**ZUSAMMENFASSUNG (GERMAN LANGUAGE VERSION OF THE SUMMARY)**" up to (and including) the paragraph with the heading "**Risikofaktoren in Bezug auf die Emittentin**" shall be replaced in the REX Base Prospectus 2011 as follows:

**ZUSAMMENFASSUNG
(GERMAN LANGUAGE VERSION OF THE SUMMARY)**

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Rohstoffanleihen, Rohstoff-Terminkontraktanleihen, Fondsanleihen, Indexanleihen, Aktienanleihen und Aktienkorporanleihen (die „Wertpapiere“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 24. Februar 2012 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

Emittentin: The Royal Bank of Scotland plc (die „**Emittentin**“ oder „**RBS**“)

Allgemeine Informationen über die Emittentin und die Gruppe: Die Emittentin (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial*

Reporting Standards) konsolidierten Tochtergesellschaften, die „**Emittentengruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „**RBSG**“), der Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Gruppe**“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten Königreich, in den Vereinigten Staaten und international durch ihre Haupttochterunternehmen, die Emittentin und die National Westminster Bank Plc („**Natwest**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.

Nach dem ungeprüften Zwischenbericht Q1 2012 des Managements (*Interim Management Statement Q1 2012*) der RBSG für das am 31. März 2012 endende erste Quartal 2012 betragen zum 31. März 2012 die Gesamtvermögenswerte der Gruppe £1.403 Mrd., und das Eigenkapital der Gruppe betrug £73 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,0% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 13,2% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu

diesem Datum betragen 14,6% für die Gesamtkapitalquote, 9,2% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

Risikofaktoren:

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor dem Erwerb von Anlagen zu schützen, die nicht für ihre Zwecke geeignet sind, sowie die wirtschaftlichen und rechtlichen Risiken, die mit einer Anlage in die Wertpapiere verbunden sind, aufzuzeigen. Potenzielle Käufer der Wertpapiere sollten vor einer Anlageentscheidung die mit einer Anlage in die Wertpapiere verbundenen Risiken bedenken.

Risikofaktoren in Bezug auf die Emittentin:

Die Emittentin ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die Gruppe beziehen, auch für die Emittentin und die Emittentengruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen sowie durch andere geopolitische Risiken beeinträchtigt werden.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*), die durch die Regierung des Vereinigten Königreichs im Juni 2010 eingesetzt wurde, um mögliche Strukturmaßnahmen zur Reform des Bankensystems im Vereinigten Königreich zu prüfen, hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich (der „**Abschlussbericht**“) veröffentlicht. Der Abschlussbericht enthält eine Reihe von

Empfehlungen, u.a. im Hinblick auf (i) die Abschirmung der Bankgeschäftstätigkeit mit Privatkunden, (ii) die Erhöhung der Fähigkeit zur Verlostaufnahme (etwa indem der private Sektor zwangsweise an Umstrukturierungsmaßnahmen beteiligt wird (sogenanntes „*bail-in*“) durch die Möglichkeit, Verbindlichkeiten abzuwerten oder sie unter bestimmten Umständen in Stammaktien eines Emittenten zu wandeln) und (iii) die Förderung des Wettbewerbs. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die Gruppe erheblich beeinträchtigen.

- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der The Royal Bank of Scotland N.V. („**RBS N.V.**“) auf die Emittentin kann die Gruppe wesentlich beeinträchtigen.
- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben, und sie darf keine im Ermessen stehende Dividenden- und Zinszahlungen auf Hybridkapitalinstrumente (einschließlich Vorzugsaktien und B-Aktien) leisten. Dies kann die Fähigkeit der Gruppe beeinträchtigen, neues Kernkapital zu beschaffen.
- Die RBSG und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen Auflösungsverfahren nach dem englischen Bankgesetz von 2009 (*Banking Act 2009*) ausgesetzt sein, was verschiedene Maßnahmen hinsichtlich der Wertpapiere

zur Folge haben kann.

- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen können durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.
- Der Wert und die Wirksamkeit eines Kreditschutzes, den die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt

wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.

- Die Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.
- Alle Geschäftsbereiche der Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen (einschließlich Änderungen des Steuerrechts) könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die Gruppe Beiträge zu dem Entschädigungssystem für Banken und andere

zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.

- Die Werthaltigkeit und die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.
- Die Beteiligung der Gruppe an dem staatlichen britischen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ist teuer und könnte nicht die erwarteten Vorteile erzielen. Der Eintritt von dazugehörigen Risiken kann das Geschäft, die Kapitalsituation, die Finanzlage und das Betriebsergebnis der Gruppe wesentlich beeinträchtigen.
- Die umfangreichen Anforderungen an die Unternehmensführung (*Governance*) und Verwaltung von Vermögenswerten sowie die umfangreichen Informationsanforderungen gemäß den Bedingungen des Programms (*scheme*) können sich negativ auf die Gruppe und die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken.
- Änderungen der erwarteten aufsichtsrechtlichen Eigenmittelbehandlung des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten, der von der RBSG ausgegebenen B-Aktien und der bedingten B-Aktien, die die RBSG ausgeben kann, können die Gruppe erheblich beeinträchtigen.
- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen können.
- Falls die Gruppe keine bedingten B-Aktien an das

britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.

5. The section "**INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE**" shall be replaced in the Warrants Base Prospectuses 2011 and in the REX Base Prospectuses 2011 as follows:

INFORMATION ABOUT THE ISSUER AND DOCUMENTS INCORPORATED BY REFERENCE

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**").

The information contained in the Registration Document shall be updated by the following subsections "Assets, owners' equity and capital ratios" and "Proposed Dutch Scheme".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the Issuer Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Proposed Dutch Scheme

On 26 March 2012, RBSG and the Issuer announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, the Issuer and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border

merger of RBS II B.V. into the Issuer (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to the Issuer (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into the Issuer through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. The Issuer and RBS N.V. have discussed the Proposed Dutch Scheme in detail with the Dutch Central Bank (*De Nederlandsche Bank*) and the FSA. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Proposed Dutch Scheme will take effect on 9 July 2012. The Issuer will publish a supplement to this Base Prospectus if there is a change to this date.

Rating information

Following an announcement by Moody's Investors Service Limited ("**Moody's**") on 22 June 2012 of revisions to the expected ratings of notes issued by the Issuer and those of certain other global banks and securities firms, reflecting changes in the Moody's rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment, Moody's is expected to rate notes issued by the Issuer as follows:

	Previous	Current
Senior notes with a maturity of one year or more	A2	A3
Senior notes with a maturity of less than one year	P-1	P-2

The Group believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio as at 31 March 2012. The amount of collateral that may have to be posted by the Group following this downgrade by Moody's is estimated to be £9 billion as of 31 May 2012.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As

defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moody's.com). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Supplement have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

Documents incorporated by reference

Furthermore, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG:

1. The Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document).

2. The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;

(xxviii) Material contracts on pages 399 to 404; and

(xxix) Glossary of terms on pages 434 to 439.

3. The Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011.

4. The following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;
- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;

- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review - Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012.

6. The press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" which was published by RBSG on 1 May 2012.

7. The unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter ended 31 March 2012 (excluding the last sentence on page 5 of the Unaudited Interim Statement of RBSG) which was published on 4 May 2012.

The mentioned above documents were filed with the FSA. During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of these documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

6. In the section "**INFORMATION ABOUT THE ISSUER**" the last sentence of the chapter "**Proposed Dutch Scheme**" shall be replaced in the Warrants Base Prospectus 2012 and REX Base Prospectus 2012 by the following sentences:

On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Proposed Dutch Scheme will take effect on 9 July 2012. The Issuer will publish a supplement to this Base Prospectus if there is a change to this date.

7. In the section "**INFORMATION ABOUT THE ISSUER**" the following chapter "**Rating information**" shall be inserted after the chapter "**Proposed Dutch Scheme**" in the Warrants Base Prospectus 2012 and REX Base Prospectus 2012:

Rating information

Following an announcement by Moody's Investors Service Limited ("**Moody's**") on 22 June 2012 of revisions to the expected ratings of notes issued by the Issuer and those of certain other global banks and securities firms, reflecting changes in the Moody's rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment, Moody's is expected to rate notes issued by the Issuer as follows:

	Previous	Current
Senior notes with a maturity of one year or more	A2	A3
Senior notes with a maturity of less than one year	P-1	P-2

The Group believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio as at 31 March 2012. The amount of collateral that may have to be posted by the Group following this downgrade by Moody's is estimated to be £9 billion as of 31 May 2012.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moodys.com). The information found at the website referred to in the previous sentence does not form part of and is not incorporated by reference into this Supplement. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as the Issuer is aware and is able to ascertain from information published by Moody's, no facts have been omitted which would render the rating definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Supplement have been issued by Moody's Investors Service Limited which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

8. In the section "**GENERAL INFORMATION**" the chapter "**Available Documents**" shall be replaced in the Warrants Base Prospectus 2011 and the REX Base Prospectus 2011 as follows:

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (d)-(e) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) this Base Prospectus and any Supplements; and
- (e) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

9. In the section "**GENERAL INFORMATION**" the chapter "**Available Documents**" shall be replaced in the Warrants Base Prospectus 2012 and the REX Base Prospectus 2012 as follows:

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group

Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (d)-(f) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;
- (d) the Base Prospectus 2011 and any Supplements thereto;
- (e) this Base Prospectus and any Supplements; and
- (f) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

London, 27 June 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory

14 June 2012

The Royal Bank of Scotland plc
(incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980
registered number SC090312)

BASE PROSPECTUS
IN ACCORDANCE WITH
SECTION 6 OF THE GERMAN SECURITIES PROSPECTUS ACT
RELATING TO
WARRANTS
THE ROYAL BANK OF SCOTLAND PLC
LAUNCHPAD PROGRAMME

This base prospectus (the "**Base Prospectus**") relating to warrants (the "**Securities**" or the "**Warrants**") issued by The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office as specified in the Final Terms (as defined below) (the "**Issuer**") under its LaunchPAD Programme was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; the "**BaFin**") in accordance with Section 13(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*; "**WpPG**") on or after the date of this Base Prospectus. The BaFin did not review this Base Prospectus with respect to the accuracy of its contents but approved the Base Prospectus on the basis of a mere review as to the completeness of the Base Prospectus, including a review of the coherence and comprehensibility of the presented information.

This Base Prospectus must be read in connection with the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**"), as well as in

connection with any supplements to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**").

For each tranche of Securities issued on the basis of this Base Prospectus so-called final terms (the "**Final Terms**") will be published in a separate document which, in addition to stating the terms and conditions applying to the Securities, may but do not need to replicate some information already contained in this Base Prospectus. In the Final Terms, information not currently contained in this Base Prospectus may be added in the placeholders contained in this Base Prospectus, or information currently contained in this Base Prospectus may be deleted if contained in square brackets, or information currently contained in this Base Prospectus may be adjusted as set forth in this Base Prospectus.

For a detailed description of the risks associated with an investment in the Securities, see "*Risk Factors*", which are included in this Base Prospectus as well as in the Registration Document or any Supplements and possibly in the Final Terms.

Complete information on the Issuer and a specific issue can only be derived from this Base Prospectus, the Registration Document, any Supplements as well as the respective Final Terms.

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SUMMARY

This summary should be read as an introduction to this base prospectus (the "Base Prospectus") and any decision to invest in any warrants (the "Securities" or the "Warrants") issued by The Royal Bank of Scotland plc should be based on consideration by the investor of this Base Prospectus as a whole, including the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), and the so-called final terms (the "Final Terms"). Liability attaches to The Royal Bank of Scotland plc with respect to this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the EEA (an "EEA State"), the plaintiff investor may, under the national legislation of the EEA States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Issuer: The Royal Bank of Scotland plc (the "**Issuer**" or "**RBS**")

General Information about the Issuer and the Group: The Issuer (together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Issuer Group**") is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. The Issuer is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), which is the holding company of a large global banking and financial services group (RBSG together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the "**Group**"). Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc ("**NatWest**"). The Issuer and NatWest are both major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the Group has a diversified

customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

According to the unaudited Interim Management Statement Q1 2012 of RBSG for the first quarter 2012 ended 31 March 2012, the Group had total assets of £1,403 billion and owners' equity of £73 billion as at 31 March 2012. The Group's capital ratios at that date were a total capital ratio of 14.0 per cent, a Core Tier 1 capital ratio of 10.8 per cent and a Tier 1 capital ratio of 13.2 per cent.

According to the Annual Report and Accounts 2011 of the Issuer, the Issuer Group had total assets of £1,433 billion and shareholder's equity of £62 billion as at 31 December 2011. The Issuer Group's capital ratios as at that date were a total capital ratio of 14.6 per cent, a Core Tier 1 capital ratio of 9.2 per cent and a Tier 1 capital ratio of 11.0 per cent.

Risk Factors:

The purpose of the risk factors description is to protect potential purchasers of the Securities from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities. Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision.

Risk Factors relating to the Issuer:

The Issuer is a principal operating subsidiary of RBSG and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of RBSG. Accordingly, risk factors below which relate to RBSG and the Group will also be of relevance to the Issuer and the Issuer Group.

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to

access sources of liquidity and funding.

- The Independent Commission on Banking which was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system has published its final report on competition and possible structural reforms in the UK banking industry (the "**Final Report**"). The Final Report made a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) increased loss-absorbency (including bail-in, i.e. the ability to write down debt or convert it into an issuer's ordinary shares in certain circumstances) and (iii) promotion of competition. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the Group.
- The Group's ability to implement its strategic plan depends on the success of the Group's refocus on its core strengths and its balance sheet reduction programme.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. ("**RBS N.V.**") to the Issuer may have a material adverse effect on the Group.
- The Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the Group's ability to raise new Tier 1 capital.
- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any

Securities.

- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions, and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group's results could be adversely affected in the event of goodwill impairment.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the Group's businesses.
- Her Majesty's Treasury ("**HM Treasury**") (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse

changes to tax legislation, regulatory requirements or accounting standards.

- The Group's participation in the UK asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the Group and the expected benefits of the asset protection scheme.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares issued by RBSG and the contingent B shares that RBSG may issue may have a material adverse impact on the Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the Issuer Group's results.
- If the Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the Group's capital position, liquidity, operating results and future prospects.

Risk Factors relating to the Securities:

Certain factors are material for the purpose of assessing the market risks associated with the Securities. These include, but are not limited to the fact that (i) the Securities have a complex structure which may lead to a total loss of the investment, (ii) the Securities may not be a suitable investment for all investors, (iii) the value of the Securities may fluctuate, (iv) the issue price of the Securities may include an agio, commissions and/or other fees, (v) there may not be a secondary market in the Securities, (vi) purchasing the Securities as a hedge may not be effective, (vii) actions taken by the Issuer may affect the value of the Securities, (viii) Securityholders have no ownership interest in the Underlying (as defined below under "Description of the Securities"), (ix) the Issuer and/or the Calculation

Agent may make adjustments to the Conditions as a consequence of events affecting the Underlying, (x) there may be limitations on a Securityholder's right to exercise the Securities, (xi) there may be delays in effecting settlement of the Securities, (xii) taxes may be payable by the Securityholders and (xiii) the Securities may under certain circumstances be terminated by the Issuer prior to their stated date.

Other risks associated with the Securities may include (i) risks associated with Securities represented by a Global Security (as defined below under "General Conditions/Form of Securities") or issued in dematerialised form, (ii) risks associated with arrangements concluded by the Securityholders with services providers to hold the Securities (nominee arrangements), (iii) the risk that the return on an investment in the Securities will be affected by charges incurred by the Securityholders, (iv) the risk that changes of law may affect the value of the Securities, (v) the risk that ratings assigned to the Issuer or, if applicable, the Securities may not reflect all risks, (vi) the risk that legal investment constraints may restrict certain investments in the Securities, (vii) in case that the Securityholder uses a loan to finance the purchase of the Securities, the risk that he will not be able to repay the loan principal plus interest, (viii) special risks associated with the specific structure of the different types of Securities and (ix) special risks associated with certain Underlyings of the Securities (e.g. commodities, commodity forward contracts and commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares, baskets of shares or structured securities).

Final Terms:

So-called "Final Terms" will be prepared for each tranche of Securities issued under this Base Prospectus which, in addition to stating the terms and conditions applying to the Securities may but do not need to replicate some information already contained in this Base Prospectus. In the Final Terms, information not currently contained in this Base Prospectus may be added in the placeholders contained in this Base Prospectus, or information currently

contained in this Base Prospectus may be deleted if contained in square brackets, or information currently contained in this Base Prospectus may be adjusted as set forth in this Base Prospectus.

Terms and Conditions of the Securities:

The applicable terms and conditions of the Securities will be as set out in the general conditions set forth under "General Conditions" (the "**General Conditions**") and in the securities-specific product conditions set forth under "Product Conditions" (the "**Product Conditions**"). The Final Terms applicable to each tranche of Securities may replicate, complete or adjust the General Conditions and/or the securities-specific Product Conditions to reflect the specific structure applicable to a specific tranche of Securities. If the Securities are represented by a Global Security, the General Conditions and the securities-specific Product Conditions will be attached to the Global Security representing the relevant tranche of Securities. The General Conditions and the Product Conditions applying to a specific tranche of Securities are referred to as "**Conditions**".

Description of the Securities:

Warrants are investment instruments which, following exercise in accordance with the Final Terms, either pay a cash amount (which is capped in case of Discount Call Warrants and Discount Put Warrants) determined by reference to the value of an underlying on a day specified in the Final Terms ("**cash settled Securities**") or deliver the underlying ("**physically settled Securities**"), subject to the multiplier, as specified in the Final Terms. Possible underlyings of these Warrants may be commodities, commodity forward contracts or commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares (except those of the Issuer or of any other company of the Group), baskets consisting of such shares or structured securities (each an "**Underlying**"), in case of physically settled Securities, only shares or share baskets. In case of physically settled Securities it is possible that a cash amount is paid in respect of a fractional entitlement instead of delivery of this fractional entitlement.

The Warrants do not represent any claim to payment of interest, and thus do not generate any ongoing interest income.

The Warrants do not grant any claim to dividends either.

The Warrants that may be issued under this Base Prospectus have a fixed term and are described below.

Call Warrants:

In case of cash settled Call Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier. In case of physically settled Call Warrants, the Issuer delivers a number of the underlying shares corresponding in value to the Final Reference Price multiplied by the multiplier or the weight whereas, in return, the Securityholder has to pay the Strike and expenses (if any) to the Issuer. It is, however, possible that a cash amount is paid with respect to a fractional entitlement instead of delivery of this fractional entitlement.

As a general rule (i.e., when not taking into account any other factors impacting the price of Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Call Warrants typically increases (i) the more the Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the

shorter the remaining term of the Call Warrants is.

Put Warrants:

In case of Put Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Put Warrants typically increases (i) the more the Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Put Warrants is.

Discount Call Warrants:

Discount Call Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount" (as defined below).

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Call Warrants are American Style Warrants as

described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between a fixed price or level specified in the Final Terms (the "**Cap**") and the Strike, multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Discount Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Call Warrants typically increases (i) the more the Discount Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Discount Call Warrants is.

Additionally, the Securityholder will not participate in any increase in the price or level of the Underlying if the difference between the Final Reference Price and the Strike multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Call Warrant is generally lower than the price of a Call Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Call Warrants are priced at a discount compared to Call Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Call Warrants where the cash amount is not capped at a Maximum Amount.

Discount Put Warrants:

Discount Put Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount (as defined below)".

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between the Strike and a fixed price or level specified in the Final Terms (the "**Cap**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Discount Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Put Warrants typically increases (i) the more the Discount Put Warrants are out of the money, *i.e. the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Discount Put Warrants is.

Additionally, the Securityholder will not participate in any decrease in the price or level of the Underlying if the difference between the Strike and the Final Reference Price multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Put Warrant is generally lower than the price of a Put Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Put Warrants are priced at a discount compared to Put Warrants where the

cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Put Warrants where the cash amount is not capped at a Maximum Amount.

European Style Warrants:

European Style Warrants are warrants which are automatically exercised on the exercise date specified in the Final Terms. European Style Warrants cannot be exercised by the Securityholders before their exercise date.

American Style Warrants:

American Style Warrants are warrants which may be exercised on any business day within the exercise period specified in the Final Terms. If American Style Warrants are not exercised during their exercise period, the Warrants are automatically exercised on the exercise date specified in the Final Terms.

Quanto Warrants:

Where the settlement currency is different to the strike currency, Warrants may have a quanto feature, i.e. a fixed rate of exchange between the two currencies for the term of the Securities, thus a built-in currency hedge.

Issue Price:

The Securities will be sold at a price determined by the Issuer who may, in making such determination, refer to, amongst other factors, the level or price of the Underlying (as the case may be), the relevant multiplier and any applicable foreign exchange rate(s). The issue price of the Securities is based on internal pricing models of the Issuer and may be higher than their market value due to commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities. Any distributor of the Securities receiving any commission, fee, or non-monetary benefit may be obliged under applicable law to disclose the existence, nature and amount of such commission, fee or benefit to the investor. Investors should ensure that they have received such information prior to purchasing the Securities from such distributor.

Listing:

Whether or not a tranche of Securities will be listed on one or more stock exchange(s) or unofficial market(s), e.g. the *Freiverkehr* of a German stock exchange, or not at all, will be set forth in the Final Terms.

Following notification of the approval of this Base Prospectus in accordance with Section 18(1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the Securities may be admitted to trading in the regulated markets or included in the unofficial market segments of, and/or listed on, the stock exchanges of several EEA States and/or offered to the public within the EEA States which have been notified.

General Conditions:

Set out below is a summary of certain significant provisions of the General Conditions applicable to all Securities issued under this Base Prospectus.

Form of Securities:

The Securities, except in case of Securities issued in dematerialised form, are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.

If the Securities are issued in dematerialised form, they will be registered in the book-entry system of the Clearing Agent. In that case, title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").

The Final Terms will specify whether the Securities will be represented by a Global Security or issued in dematerialised form.

In either case (whether in global or in dematerialised form), no definitive securities will be issued.

Securityholder:

"**Securityholder**" means, in case of Securities represented by a Global Security, the holder of a unit in the Global Security and, in case of Securities issued in dematerialised

form, a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.

Status of the Securities:

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Notices:

All notices under the Conditions shall either (i) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon such delivery, unless the relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

Substitution of the Issuer:

The Issuer may at any time, without the consent of the Securityholders, substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities any entity (the "**Substitute**"), provided that the conditions relating thereto as set forth in the Conditions (including a notice to the Securityholders) have been fulfilled.

Taxation:

The Securityholder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right to withhold or deduct from any amount payable to any Securityholder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

Product Conditions:

Different Product Conditions apply to the different types of Securities detailed in this Base Prospectus. Set out below is a summary of certain significant provisions of the

Product Conditions applicable to all types of Securities.

Exercise of the Securities:

The Securities may be either (i) automatically exercised on the exercise date specified in the Final Terms (in case of American Style Warrants or European Style Warrants) or (ii) exercised by the Securityholder during the exercise period specified in the Final Terms (in case of American Style Warrants).

In case of an automatic exercise, payment and/or delivery are subject to delivery of a certification by the Securityholder. In case of an exercise by the Securityholder, payment and/or delivery are subject to delivery of a notice. Any such certification or notice (as the case may be) has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

Early Termination:

The Issuer has the right to terminate the Securities early (i) if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**") and (ii) upon the occurrence of certain hedging disruption events as specified in the Final Terms. If the Issuer terminates early in such circumstances, it will, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring the illegality, if any) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

Paying Agent, Principal Paying Agent and Calculation Agent:

The Royal Bank of Scotland plc or such other entity as specified in the Final Terms.

<i>Settlement of Securities:</i>	Securities may be settled by payment of a cash amount or by delivery of the Underlying, as specified in the Final Terms.
<i>Clearing Agent:</i>	Clearstream Banking AG, Frankfurt (" CBF "), Clearstream Banking, société anonyme, Luxembourg (" CBL ") and Euroclear Bank S.A./N.V. as operator of the Euroclear system (" Euroclear ") and/or any other or further Clearing Agent(s) as specified in the Final Terms.
<i>Market Disruption Event or Fund Disruption Event:</i>	If a Market Disruption Event or a Fund Disruption Event (as the case may be) (in each case as specified in the Final Terms) occurs, the Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Market Disruption Events are specified in the Final Terms for each type of Security not linked to funds and Fund Disruption Events are specified in the Final Terms for the fund linked Securities; they vary depending on the type of Security.
<i>Emerging Market Disruption Event:</i>	If an Emerging Market Disruption Event (as specified in the Final Terms) occurs, Securityholders may experience a delay in the determination of the parameters relevant for settlement as well as in the settlement itself. Furthermore, the parameters relevant for settlement (e.g. the price or level of the Underlying) may be adversely affected. Emerging Market Disruption Events apply only if specified in the Final Terms.
<i>Settlement Disruption Event:</i>	If a Settlement Disruption Event (as specified in the Final Terms) occurs with respect to physically settled Securities, Securityholders may experience a delay in delivery of the Underlying. If delivery of the Underlying is not practicable by reason of a Settlement Disruption Event, the Issuer is entitled to pay to the Securityholder (in lieu of delivery of the Underlying) the fair market value of the Securities as determined by the Issuer in its reasonable discretion (<i>billiges Ermessen</i>), less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the " Disruption Cash Settlement Price "). The determination

of the Disruption Cash Settlement Price may be adversely affected by the Settlement Disruption Event and the deduction of these costs. Settlement Disruption Events are specified in the Final Terms of the Securities which may be settled physically and the specification varies depending on the type of the Security.

Hedging Disruption Event:

If a disruption to the hedging of the Issuer (Hedging Disruption Event) (as specified in the Final Terms) occurs, the Issuer may (i) terminate the Securities (see above under "Early Termination"), or (ii) replace the Underlying by another underlying, or (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.

Adjustments for European Monetary Union:

The Issuer may, without the consent of any Securityholder of the Securities, on giving notice to the Securityholders elect that, with effect from the date specified in such notice, certain terms of the Securities shall be redenominated in Euro, as further set out in the respective Product Condition.

Applicable Law:

The Securities shall be governed by, and construed in accordance with, German law or any other law as specified in the Final Terms.

Place of Performance and Jurisdiction:

The place of performance and jurisdiction for the Securities shall be Frankfurt am Main, Germany or any other place of performance and jurisdiction as specified in the Final Terms.

ZUSAMMENFASSUNG
(GERMAN LANGUAGE VERSION OF THE SUMMARY)

Diese Zusammenfassung sollte als Einführung zum vorliegenden Basisprospekt (der „Basisprospekt“) verstanden werden. Eine Entscheidung zur Anlage in von der The Royal Bank of Scotland plc begebene Optionsscheine (die „Wertpapiere“ oder die „Optionsscheine“) durch den Anleger sollte auf die Prüfung des gesamten Basisprospekts, einschließlich des Registrierungsformulars der The Royal Bank of Scotland plc vom 24. Februar 2012 (das „Registrierungsformular“), das von der zuständigen britischen Finanzaufsichtsbehörde (Financial Services Authority) gebilligt wurde, etwaiger von der Bundesanstalt für Finanzdienstleistungsaufsicht gebilligter Nachträge zu diesem Basisprospekt und der sogenannten endgültigen Bedingungen (die „Endgültigen Bedingungen“) gestützt werden. Die The Royal Bank of Scotland plc kann in Bezug auf diese Zusammenfassung einschließlich Übersetzungen davon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Basisprospekts gelesen wird. Für den Fall, dass vor einem Gericht in einem Mitgliedstaat des EWR (ein „EWR-Staat“) Ansprüche aufgrund der in diesem Basisprospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der EWR-Staaten die Kosten für die Übersetzung des Basisprospekts vor Prozessbeginn zu tragen haben.

Emittentin: The Royal Bank of Scotland plc (die „**Emittentin**“ oder „**RBS**“)

Allgemeine Informationen über die Emittentin und die Gruppe: Die Emittentin (zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Emittentengruppe**“) ist eine Aktiengesellschaft, die in Schottland unter der Registrierungsnummer SC090312 eingetragen ist und am 31. Oktober 1984 nach schottischem Recht gegründet wurde. Die Emittentin ist eine hundertprozentige Tochtergesellschaft der The Royal Bank of Scotland Group plc (die „**RBSG**“), der Holdinggesellschaft einer großen Bank- und Finanzdienstleistungsgruppe (RBSG zusammen mit ihren gemäß Internationalen Rechnungslegungsstandards (*International Financial Reporting Standards*) konsolidierten Tochtergesellschaften, die „**Gruppe**“). Die Gruppe mit Hauptsitz in Edinburgh ist im Vereinigten

Königreich, in den Vereinigten Staaten und international durch ihre Haupttochterunternehmen, die Emittentin und die National Westminster Bank Plc („**Natwest**“), tätig. Die Emittentin und die Natwest sind bedeutende Clearingbanken im Vereinigten Königreich. In den Vereinigten Staaten ist die Citizens Financial Group, Inc., eine Tochtergesellschaft der Gruppe, eine große Geschäftsbank. Die Gruppe hat weltweit eine diversifizierte Kundenbasis und stellt Privat- und Geschäftskunden sowie Großunternehmen und institutionellen Kunden eine breite Palette von Produkten zur Verfügung.

Nach dem ungeprüften Zwischenbericht Q1 2012 des Managements (*Interim Management Statement Q1 2012*) der RBSG für das am 31. März 2012 endende erste Quartal 2012 betragen zum 31. März 2012 die Gesamtvermögenswerte der Gruppe £1.403 Mrd., und das Eigenkapital der Gruppe betrug £73 Mrd. Die Kapitalquoten der Gruppe zu diesem Datum betragen 14,0% für die Gesamtkapitalquote, 10,8% für die Kernkapitalquote (*Core Tier 1*) und 13,2% für die Kapitalquote (*Tier 1*).

Nach dem Geschäftsbericht 2011 (*Annual Report and Accounts 2011*) der Emittentin betragen die Gesamtvermögenswerte der Emittentengruppe zum 31. Dezember 2011 £1.433 Mrd., und das Eigenkapital betrug £62 Mrd. Die Kapitalquoten der Emittentengruppe zu diesem Datum betragen 14,6% für die Gesamtkapitalquote, 9,2% für die Kernkapitalquote (*Core Tier 1*) und 11,0% für die Kapitalquote (*Tier 1*).

Risikofaktoren:

Ziel der Beschreibung der Risikofaktoren ist es, potenzielle Käufer der Wertpapiere vor dem Erwerb von Anlagen zu schützen, die nicht für ihre Zwecke geeignet sind, sowie die wirtschaftlichen und rechtlichen Risiken, die mit einer Anlage in die Wertpapiere verbunden sind, aufzuzeigen. Potenzielle Käufer der Wertpapiere sollten vor einer Anlageentscheidung die mit einer Anlage in die Wertpapiere verbundenen Risiken bedenken.

Risikofaktoren in Bezug auf

Die Emittentin ist eine der wichtigsten operativen Tochtergesellschaften der RBSG, auf die ein wesentlicher

die Emittentin:

Teil der konsolidierten Vermögenswerte, Verbindlichkeiten und Geschäftsgewinne der RBSG entfällt. Daher sind die nachfolgenden Risikofaktoren, die sich auf die RBSG und die Gruppe beziehen, auch für die Emittentin und die Emittentengruppe von Bedeutung.

- Die Geschäfte und die Entwicklung der Gruppe können durch die tatsächlichen oder vermuteten weltweiten wirtschaftlichen und finanziellen Marktbedingungen sowie durch andere geopolitische Risiken beeinträchtigt werden.
- Die Fähigkeit der Gruppe, ihre Verpflichtungen, einschließlich ihrer Refinanzierungsanforderungen, zu erfüllen, hängt von der Fähigkeit der Gruppe ab, Zugang zu Liquidität und Refinanzierungsmöglichkeiten zu erhalten.
- Die Unabhängige Kommission zum Bankwesen (*Independent Commission on Banking*), die durch die Regierung des Vereinigten Königreichs im Juni 2010 eingesetzt wurde, um mögliche Strukturmaßnahmen zur Reform des Bankensystems im Vereinigten Königreich zu prüfen, hat ihren Abschlussbericht zum Wettbewerb und zu möglichen Strukturreformen in der Bankindustrie im Vereinigten Königreich (der „**Abschlussbericht**“) veröffentlicht. Der Abschlussbericht enthält eine Reihe von Empfehlungen, u.a. im Hinblick auf (i) die Abschirmung der Bankgeschäftstätigkeit mit Privatkunden, (ii) die Erhöhung der Fähigkeit zur Verlustaufnahme (etwa indem der private Sektor zwangsweise an Umstrukturierungsmaßnahmen beteiligt wird (sogenanntes „*bail-in*“) durch die Möglichkeit, Verbindlichkeiten abzuwerten oder sie unter bestimmten Umständen in Stammaktien eines Emittenten zu wandeln) und (iii) die Förderung des Wettbewerbs. Die Regierung des Vereinigten Königreichs hat angedeutet, dass sie die Empfehlungen weitgehend wie vorgeschlagen unterstützt und beabsichtigt, sie umzusetzen; dies könnte die Gruppe erheblich beeinträchtigen.

- Die Fähigkeit der Gruppe, ihren Strategieplan umzusetzen, hängt von dem Erfolg der Gruppe ab, sich wieder auf ihre Kernstärken und ihr Programm zur Verkürzung ihrer Bilanz zu konzentrieren.
- Die Verschiebung der Umsetzung (oder ein Scheitern der Umsetzung) der genehmigten vorgesehenen Übertragungen eines wesentlichen Teils der Geschäftstätigkeiten der The Royal Bank of Scotland N.V. („**RBS N.V.**“) auf die Emittentin kann die Gruppe wesentlich beeinträchtigen.
- Die Gruppe unterliegt einer Vielzahl von Risiken, die sich aus der Umsetzung des Restrukturierungsplans im Zusammenhang mit der Staatshilfe ergeben, und sie darf keine im Ermessen stehende Dividenden- und Zinszahlungen auf Hybridkapitalinstrumente (einschließlich Vorzugsaktien und B-Aktien) leisten. Dies kann die Fähigkeit der Gruppe beeinträchtigen, neues Kernkapital zu beschaffen.
- Die RBSG und ihre Banktochtergesellschaften im Vereinigten Königreich können dem Risiko der vollständigen Verstaatlichung oder anderen Auflösungsverfahren nach dem englischen Bankgesetz von 2009 (*Banking Act 2009*) ausgesetzt sein, was verschiedene Maßnahmen hinsichtlich der Wertpapiere zur Folge haben kann.
- Die finanzielle Entwicklung der Gruppe wurde und wird weiter durch die Verschlechterung der Kreditqualität von Schuldnern und Geschäftspartnern erheblich beeinträchtigt, und weitere Verschlechterungen können durch die vorherrschenden Wirtschafts- und Marktverhältnisse sowie rechtliche und regulatorische Entwicklungen eintreten.
- Die Ertrags- und Finanzlage der Gruppe wurde durch die sich aus dem schwachen Marktumfeld ergebende niedrige Vermögensbewertung erheblich beeinträchtigt und kann dadurch weiter erheblich beeinträchtigt werden.

- Der Wert und die Wirksamkeit eines Kreditschutzes, den die Gruppe gekauft hat, hängt von dem Wert der zugrunde liegenden Vermögenswerte sowie von der Finanzlage der Versicherer und Geschäftspartner ab.
- Änderungen der Zinssätze, Wechselkurse, Credit Spreads, Anleihe-, Aktien- und Rohstoffpreise, Basis-, Volatilitäts- und Korrelationsrisiken sowie anderer Marktfaktoren haben das Geschäft sowie das Betriebsergebnis der Gruppe wesentlich beeinträchtigt und werden sie weiter beeinträchtigen.
- Die Fremdfinanzierungskosten der Gruppe, ihr Zugang zu den Anleihekapitalmärkten sowie ihre Liquidität hängen entscheidend von dem Kreditrating der Gruppe sowie von dem Kreditrating des britischen Staates ab.
- Die Geschäftsentwicklung der Gruppe kann beeinträchtigt werden, wenn ihr Kapital nicht effizient verwaltet wird oder wenn Kapitaladäquanz- und Liquiditätsanforderungen geändert werden.
- Die Gruppe ist Rechtsstreitigkeiten und aufsichtsrechtlichen Untersuchungen ausgesetzt und kann dies auch in Zukunft sein, was zu wesentlichen Geschäftsbeeinträchtigungen führen kann.
- Bestimmte Finanzinstrumente werden zum Marktwert angesetzt, der mithilfe von Finanzmodellen ermittelt wird, die Annahmen, Beurteilungen und Schätzungen beinhalten, die sich im Verlauf der Zeit ändern können oder die sich als nicht richtig herausstellen.
- Die Gruppe ist in sehr kompetitiven Märkten tätig, und ihr Geschäft sowie ihr Betriebsergebnis können beeinträchtigt werden.
- Es ist möglich, dass es der Gruppe nicht gelingt, Führungskräfte (einschließlich Verwaltungsratsmitgliedern und anderen Mitarbeitern in Schlüsselpositionen) zu gewinnen oder zu halten, und sie könnte Schaden erleiden, wenn sie kein gutes Verhältnis zu ihren Arbeitnehmern unterhält.

- Alle Geschäftsbereiche der Gruppe sind weitgehend reguliert und beaufsichtigt. Wesentliche aufsichtsrechtliche Veränderungen (einschließlich Änderungen des Steuerrechts) könnten sich nachteilig auf die Geschäftstätigkeit sowie das Betriebsergebnis und die Finanzlage der Gruppe auswirken.
- Die Ergebnisse der Gruppe könnten durch eine Wertminderung des Goodwill beeinträchtigt werden.
- Es kann sein, dass die Gruppe weitere Beiträge für ihr Pensionssystem aufbringen muss, wenn der Wert der Vermögenswerte in Pensionsfonds nicht ausreichend ist, um potenzielle Verbindlichkeiten zu decken.
- Das Geschäft der Gruppe birgt betriebsbedingte Risiken.
- Das britische Schatzamt (*HM Treasury*) (bzw. die UK Financial Investments Limited als Vertreter) kann einen wesentlichen Einfluss auf die Gruppe ausüben, und ein eventuelles Angebot bzw. eine eventuelle Veräußerung seiner Beteiligung kann den Preis der Wertpapiere beeinträchtigen.
- Die Geschäftstätigkeit der Gruppe unterliegt damit verbundenen Reputationsrisiken.
- Im Vereinigten Königreich sowie in anderen Jurisdiktionen muss die Gruppe Beiträge zu dem Entschädigungssystem für Banken und andere zugelassene Finanzdienstleistungsunternehmen leisten, die ihre Verbindlichkeiten gegenüber ihren Kunden nicht erfüllen können.
- Die Werthaltigkeit und die aufsichtsrechtliche Eigenmittelbehandlung bestimmter von der Gruppe berücksichtigter latenter Steueransprüche hängt von der Fähigkeit der Gruppe ab, ausreichende zukünftige steuerpflichtige Gewinne zu erzielen und davon, dass sich Steuergesetzgebung, aufsichtsrechtliche Anforderungen und Bilanzierungsgrundsätze nicht in nachteiliger Weise ändern.

- Die Beteiligung der Gruppe an dem staatlichen britischen Schutzprogramm für Risiken aus bestimmten Vermögenswerten (*asset protection scheme*) ist teuer und könnte nicht die erwarteten Vorteile erzielen. Der Eintritt von dazugehörigen Risiken kann das Geschäft, die Kapitalsituation, die Finanzlage und das Betriebsergebnis der Gruppe wesentlich beeinträchtigen.
- Die umfangreichen Anforderungen an die Unternehmensführung (*Governance*) und Verwaltung von Vermögenswerten sowie die umfangreichen Informationsanforderungen gemäß den Bedingungen des Programms (*scheme*) können sich negativ auf die Gruppe und die erwarteten Vorteile des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten auswirken.
- Änderungen der erwarteten aufsichtsrechtlichen Eigenmittelbehandlung des staatlichen Schutzprogramms für Risiken aus bestimmten Vermögenswerten, der von der RBSG ausgegebenen B-Aktien und der bedingten B-Aktien, die die RBSG ausgeben kann, können die Gruppe erheblich beeinträchtigen.
- Die RBS hat ein Kreditderivat und einen Finanzgarantievertrag mit der RBS N.V. abgeschlossen, die die Ergebnisse der Emittentengruppe beeinträchtigen können.
- Falls die Gruppe keine bedingten B-Aktien an das britische Schatzamt ausgeben kann, kann dies die Kapitalsituation, die Liquidität, das Betriebsergebnis und die zukünftigen Aussichten der Gruppe beeinträchtigen.

Risikofaktoren in Bezug auf die Wertpapiere:

Bestimmte Faktoren sind für die Einschätzung der Marktrisiken, die mit den Wertpapieren verbunden sind, von wesentlicher Bedeutung. Zu diesen Risiken zählen unter anderen: die Tatsache, dass (i) die Wertpapiere eine komplexe Struktur haben, die zu einem **vollständigen Verlust** der Anlage führen kann, (ii) die Wertpapiere möglicherweise nicht für alle Anleger eine geeignete

Anlage darstellen, (iii) der Wert der Wertpapiere schwanken kann, (iv) der Ausgabepreis der Wertpapiere einen Ausgabeaufschlag, Provisionen und/oder sonstige Gebühren enthalten kann, (v) möglicherweise kein Sekundärmarkt für die Wertpapiere besteht, (vi) ein Kauf der Wertpapiere für Absicherungszwecke möglicherweise nicht effizient ist, (vii) sich Handlungen der Emittentin auf den Wert der Wertpapiere auswirken können, (viii) die Wertpapierinhaber über keine Eigentumsrechte an dem Basiswert (wie nachstehend definiert unter „Beschreibung der Wertpapiere“) verfügen, (ix) die Emittentin und/oder die Berechnungsstelle Anpassungen der Bedingungen aufgrund von den Basiswert betreffenden Ereignissen vornehmen können, (x) es Beschränkungen bezüglich des Rechts eines Wertpapierinhabers zur Ausübung der Wertpapiere geben kann, (xi) es zu Verzögerungen bei der Abrechnung der Wertpapiere kommen kann, (xii) Wertpapierinhaber möglicherweise zur Zahlung von Steuern verpflichtet sind, und (xiii) die Wertpapiere von der Emittentin unter bestimmten Voraussetzungen vorzeitig gekündigt werden können.

Zu den sonstigen Risiken, die mit den Wertpapieren verbunden sind, können gehören: (i) Risiken im Zusammenhang mit den Wertpapieren, die durch Globalurkunden (wie nachstehend definiert unter „Allgemeine Bedingungen/Form der Wertpapiere“) verbrieft bzw. die in dematerialisierter Form begeben werden, (ii) Risiken im Zusammenhang mit Vereinbarungen, die Wertpapierinhaber mit Dienstleistern über das Halten von Wertpapieren (Nominee-Vereinbarungen) abschließen, (iii) das Risiko, dass die mit einer Anlage in die Wertpapiere erzielte Rendite durch Gebühren beeinträchtigt wird, die für die Wertpapierinhaber anfallen, (iv) das Risiko, dass Gesetzesänderungen den Wert der Wertpapiere beeinträchtigen könnten, (v) das Risiko, dass die der Emittentin oder gegebenenfalls den Wertpapieren zugewiesenen Ratings nicht alle Risiken widerspiegeln, (vi) das Risiko, dass rechtliche Anlagevorschriften bestimmte Anlagen in die Wertpapiere einschränken, (vii) im Falle einer Finanzierung des Kaufs der Wertpapiere mittels eines Darlehens

durch den Wertpapierinhaber das Risiko, dass er möglicherweise nicht in der Lage ist, den Darlehensbetrag zuzüglich Zinsen zurückzuzahlen, (viii) besondere Risiken im Zusammenhang mit den besonderen Merkmalen der verschiedenen Arten von Wertpapieren und (ix) besondere Risiken im Zusammenhang mit bestimmten Basiswerten der Wertpapiere (beispielsweise Rohstoffe, Terminkontrakte auf Rohstoffe, Währungen, Fonds, Terminkontrakte auf Staatsanleihen, Indizes, Inflationsindizes, Aktien, Aktienkörbe oder strukturierte Wertpapiere).

Endgültige Bedingungen:

Für jede gemäß diesem Basisprospekt begebene Tranche von Wertpapieren werden sogenannte „Endgültige Bedingungen“ veröffentlicht, in denen neben der Angabe der für die Wertpapiere maßgeblichen Bedingungen einige der bereits in diesem Basisprospekt enthaltenen Informationen wiederholt sein können (aber nicht müssen). In den Endgültigen Bedingungen werden möglicherweise derzeit nicht in diesem Basisprospekt enthaltene Informationen in den in diesem Basisprospekt enthaltenen Platzhaltern ergänzt oder derzeit in diesem Basisprospekt enthaltene Informationen gestrichen, falls sie sich in eckigen Klammern befinden, oder derzeit in diesem Basisprospekt enthaltene Informationen gemäß den Angaben in diesem Basisprospekt angepasst.

Wertpapierbedingungen:

Die für die Wertpapiere geltenden Wertpapierbedingungen sind die unter „Allgemeine Bedingungen“ aufgeführten allgemeinen Bedingungen (die „**Allgemeinen Bedingungen**“) und die unter „Produktbedingungen“ aufgeführten wertpapierspezifischen Produktbedingungen (die „**Produktbedingungen**“). Die auf eine Tranche von Wertpapieren anwendbaren Endgültigen Bedingungen können die Allgemeinen Bedingungen und/oder die wertpapierspezifischen Produktbedingungen wiederholen, vervollständigen oder anpassen, um die spezifische Struktur, die auf die jeweilige Tranche von Wertpapieren anwendbar ist, zu reflektieren. Werden die Wertpapiere durch eine Globalurkunde verbrieft, werden der die betreffende Tranche der Wertpapiere verbriefenden Globalurkunde die Allgemeinen Bedingungen und die wertpapierspezifischen Produkt-

bedingungen beigefügt. Die Allgemeinen Bedingungen und die für eine bestimmte Tranche von Wertpapieren geltenden Produktbedingungen werden als „**Bedingungen**“ bezeichnet.

Beschreibung der Wertpapiere:

Optionsscheine sind Anlageinstrumente, bei denen nach Ausübung gemäß den Endgültigen Bedingungen – unter Berücksichtigung des für den jeweiligen Optionsschein festgelegten Bezugsverhältnisses – entweder ein Auszahlungsbetrag (der im Fall von Discount Call Optionsscheinen und Discount Put Optionsscheinen der Höhe nach begrenzt ist) gezahlt wird, der sich nach dem Wert eines Basiswerts an einem oder mehreren festgelegten Tagen richtet („**Wertpapiere mit Barabrechnung**“) oder der Basiswert geliefert wird („**Wertpapiere mit physischer Lieferung**“), je nachdem, was in den Endgültigen Bedingungen angegeben ist. Mögliche Basiswerte für diese Optionsscheine sind Rohstoffe, Terminkontrakte auf Rohstoffe, Währungen, Fonds, Terminkontrakte auf Staatsanleihen, Indizes, Inflationsindizes, Aktien (mit Ausnahme von Aktien der Emittentin bzw. eines anderen Unternehmens der Gruppe), aus solchen Aktien zusammengestellte Körbe oder strukturierte Wertpapiere (jeweils ein „**Basiswert**“), bei Wertpapieren mit physischer Lieferung nur Aktien oder Aktienkörbe. Bei Wertpapieren mit physischer Lieferung ist es möglich, dass anstelle der Lieferung eines Bruchteils des Basiswerts ein Geldbetrag hinsichtlich dieses Bruchteils gezahlt wird.

Die Optionsscheine verbiefen keinen Anspruch auf Zinszahlungen und generieren somit keine laufenden Zinserträge.

Die Optionsscheine verbiefen auch keinen Anspruch auf Dividenden.

Die Optionsscheine, die im Rahmen dieses Basisprospekts begeben werden können, haben eine feste Laufzeit und werden nachfolgend näher beschrieben.

Call Optionsscheine:

Bei Call Optionsscheinen mit Barabrechnung entspricht der an den Wertpapierinhaber zu zahlende Auszahlungsbetrag

der Differenz zwischen (A) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Call Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Call Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Call Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenzpreis**“) und (B) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“), multipliziert mit dem Bezugsverhältnis des Optionsscheins. Bei Call Optionsscheinen mit physischer Lieferung liefert die Emittentin eine bestimmte Anzahl der zugrunde liegenden Aktien, die im Wert dem Produkt aus dem Endgültigen Referenzpreis und dem Bezugsverhältnis bzw. der Gewichtung entspricht, wobei der Wertpapierinhaber der Emittentin im Gegenzug den Basispreis und etwaige Kosten zu zahlen hat. Es ist jedoch möglich, dass statt der Lieferung eines Bruchteils einer Aktie ein Geldbetrag hinsichtlich dieses Bruchteils gezahlt wird.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Call Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Fallen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Call Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Call Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Call Optionsscheine erhöht sich typischerweise, (i) je weiter die Call Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts unter dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit

der Call Optionsscheine ist.

Put Optionsscheine:

Bei Put Optionsscheinen entspricht der an den Wertpapierinhaber zu zahlende Auszahlungsbetrag der Differenz zwischen (A) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“) und (B) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Put Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Put Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Put Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenzpreis**“), multipliziert mit dem Bezugsverhältnis des Optionsscheins.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Put Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Steigen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Put Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Put Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Put Optionsscheine erhöht sich typischerweise, (i) je weiter die Put Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts über dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Put Optionsscheine ist.

Discount Call Optionsscheine:

Discount Call Optionsscheine sind Optionsscheine mit Barabrechnung, bei denen der an den Wertpapierinhaber zu zahlende Betrag der Höhe nach auf einen Höchstbetrag (wie nachstehend definiert) begrenzt ist.

Der zu zahlende Betrag entspricht dem niedrigeren der folgenden Beträge: dem Höchstbetrag oder der Differenz zwischen (A) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Discount Call Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Discount Call Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Discount Call Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der **„Endgültige Referenzpreis“**) und (B) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der **„Basispreis“**), multipliziert mit dem Bezugsverhältnis.

Der **„Höchstbetrag“** entspricht der Differenz zwischen einem in den Endgültigen Bedingungen angegebenen Kurs, Preis bzw. Stand (der **„Cap“**) und dem Basispreis, multipliziert mit dem Bezugsverhältnis.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Discount Call Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein *Fallen des Kurses, Preises bzw. Stands des Basiswerts* zu Verlusten für Inhaber von Discount Call Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Discount Call Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Discount Call Optionsscheine erhöht sich typischerweise, (i) je weiter die Discount Call Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts unter dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Discount Call Optionsscheine ist.

Darüber hinaus partizipieren Wertpapierinhaber nicht an einem Anstieg des Kurses, Preises bzw. Standes des Basiswerts, wenn die Differenz zwischen dem Endgültigen Referenzpreis und dem Basiswert, multipliziert mit dem Bezugsverhältnis, den Höchstbetrag überschreitet. Andererseits ist der anfängliche Ausgabepreis von Discount Call Optionsscheinen grundsätzlich niedriger als der Ausgabepreis von Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist. Dies bedeutet, dass die Preisfestsetzung für Discount Call Optionsscheine mit einem Abschlag im Vergleich zu Call Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist, erfolgt. Dennoch besteht das Totalverlustrisiko in derselben Weise wie bei Call Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist.

Discount Put Optionsscheine:

Discount Put Optionsscheine sind Optionsscheine mit Barabrechnung, bei denen der an den Wertpapierinhaber zu zahlende Betrag der Höhe nach auf einen Höchstbetrag (wie nachstehend definiert) begrenzt ist.

Der zu zahlende Betrag entspricht dem niedrigeren der folgenden Beträge: dem Höchstbetrag oder der Differenz zwischen (A) einem in den Endgültigen Bedingungen festgelegten Kurs, Preis bzw. Stand des Basiswerts (der „**Basispreis**“) und (B) dem Kurs, Preis bzw. Stand des Basiswerts (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag (im Fall von Discount Put Optionsscheinen mit europäischer Ausübungsart wie nachstehend unter „Optionsscheine mit europäischer Ausübungsart“ beschrieben) bzw. (ii) entweder dem Geschäftstag, an dem der Wertpapierinhaber die maßgeblichen Discount Put Optionsscheine ordnungsgemäß ausgeübt hat, oder dem in den Endgültigen Bedingungen angegebenen Ausübungstag, je nachdem, welcher Tag früher liegt (im Fall von Discount Put Optionsscheinen mit amerikanischer Ausübungsart wie nachstehend unter „Optionsscheine mit amerikanischer Ausübungsart“ beschrieben) (der „**Endgültige Referenz-**

preis“), multipliziert mit dem Bezugsverhältnis.

Der „**Höchstbetrag**“ entspricht der Differenz zwischen dem Basispreis und einem in den Endgültigen Bedingungen angegebenen Kurs, Preis bzw. Stand (der „**Cap**“), multipliziert mit dem Bezugsverhältnis.

Grundsätzlich (d.h., wenn man alle anderen Faktoren, die den Wert von Discount Put Optionsscheinen beeinflussen können, außer Betracht lässt) führt ein Steigen des Kurses, Preises bzw. Stands des Basiswerts zu Verlusten für Inhaber von Discount Put Optionsscheinen. Daher besteht für den Wertpapierinhaber bis (und einschließlich) zum Tag der Ausübung das Risiko eines Totalverlusts des in den Discount Put Optionsschein investierten Kapitals einschließlich aller angefallenen Transaktionskosten. Das Risiko eines teilweisen oder vollständigen Verlusts der Anlage in Discount Put Optionsscheine erhöht sich typischerweise, (i) je weiter die Discount Put Optionsscheine aus dem Geld (*out of the money*) sind, *d.h. je weiter der Marktpreis des Basiswerts über dem Basispreis liegt*, und (ii) je kürzer die verbleibende Laufzeit der Discount Put Optionsscheine ist.

Darüber hinaus partizipieren Wertpapierinhaber nicht an einem Fallen des Kurses, Preises bzw. Standes des Basiswerts, wenn die Differenz zwischen dem Basiswert und dem Endgültigen Referenzpreis, multipliziert mit dem Bezugsverhältnis, den Höchstbetrag überschreitet. Andererseits ist der anfängliche Ausgabepreis von Discount Put Optionsscheinen grundsätzlich niedriger als der Ausgabepreis von Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist. Dies bedeutet, dass die Preisfestsetzung für Discount Put Optionsscheine mit einem Abschlag im Vergleich zu Put Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist, erfolgt. Dennoch besteht das Totalverlustrisiko in derselben Weise wie bei Put Optionsscheinen, bei denen der zu zahlende Betrag nicht der Höhe nach auf einen Höchstbetrag begrenzt ist.

Optionsscheine mit europäischer Ausübungsart:

Bei Optionsscheinen mit europäischer Ausübungsart handelt es sich um Optionsscheine, die an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt werden. Optionsscheine mit europäischer Ausübungsart können von den Wertpapierinhabern nicht vor dem Ausübungstag ausgeübt werden.

Optionsscheine mit amerikanischer Ausübungsart:

Bei Optionsscheinen mit amerikanischer Ausübungsart handelt es sich um Optionsscheine, die an jedem Geschäftstag innerhalb der in den Endgültigen Bedingungen angegebenen Ausübungsfrist ausgeübt werden können. Werden Optionsscheine mit amerikanischer Ausübungsart nicht während der Ausübungsfrist ausgeübt, werden die Optionsscheine an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt.

Quanto Optionsscheine:

Falls die Abrechnungswährung und die Basiswährung nicht identisch sind, können Optionsscheine mit einem Quanto-Merkmal ausgestattet werden, d.h. es gibt einen festen Wechselkurs zwischen den beiden Währungen während der Laufzeit der Wertpapiere, wodurch die Optionsscheine eine Währungsabsicherung erhalten.

Ausgabepreis:

Die Wertpapiere werden zu einem von der Emittentin festgelegten Preis verkauft; die Emittentin kann bei der Festlegung des Preises neben anderen Faktoren den Kurs, Preis bzw. Stand des Basiswerts, das maßgebliche Bezugsverhältnis und etwaige anwendbare Devisenkurse berücksichtigen. Der Ausgabepreis der Wertpapiere basiert auf internen Preisbildungsmodellen der Emittentin und kann aufgrund von Provisionen und/oder anderen Gebühren im Zusammenhang mit der Ausgabe und dem Verkauf der Wertpapiere (einschließlich an Vertriebsstellen oder Dritte gezahlter oder von der Emittentin einbehaltener Aufschläge) sowie aufgrund von Beträgen, die für die Absicherung der Verbindlichkeiten der Emittentin aus den Wertpapieren verwendet werden, höher als deren Marktwert sein. Vertriebsstellen der Wertpapiere, die eine Provision, Gebühr oder Zuwendung, die nicht in Geldform ist, erhalten, sind möglicherweise im Rahmen von

einschlägigen gesetzlichen Vorschriften zur Offenlegung des Bestehens, des Wesens und der Höhe entsprechender Provisionen, Gebühren oder Zuwendungen gegenüber Anlegern verpflichtet. Anleger sollten sicherstellen, dass sie vor dem Kauf von Wertpapieren über eine Vertriebsstelle von dieser entsprechend informiert werden.

Börsennotierung:

In den Endgültigen Bedingungen ist jeweils angegeben, ob die Notierung einer Tranche von Wertpapieren an einer oder mehreren Börsen oder an einem oder mehreren nicht organisierten Märkten, beispielsweise im Freiverkehr einer deutschen Börse, beantragt wird oder nicht.

Nach Vorliegen der Bescheinigung über die Billigung dieses Basisprospekts nach § 18 Abs. 1 Wertpapierprospektgesetz können die Wertpapiere zum Handel an den organisierten Märkten der Börsen verschiedener EWR-Staaten oder zur Aufnahme in den nicht organisierten Handel an diesen Börsen und/oder zur Notierung an diesen Börsen zugelassen werden und/oder innerhalb der EWR-Staaten öffentlich angeboten werden, in die eine Notifizierung erfolgt ist.

Allgemeine Bedingungen:

Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Allgemeinen Bedingungen aufgeführt, die für alle im Rahmen dieses Basisprospekts begebenen Wertpapiere gelten.

Form der Wertpapiere:

Die Wertpapiere sind (mit Ausnahme der Wertpapiere, die in dematerialisierter Form begeben werden) Inhaberpapiere, die durch eine Inhaber-Sammelurkunde (die „**Globalurkunde**“) verbrieft sind, die bei der Clearingstelle hinterlegt wird und nur gemäß anwendbarem Recht sowie nach Maßgabe der Regeln und Verfahren der Clearingstelle, über deren Buchungssysteme die Übertragung der Wertpapiere erfolgt, übertragen werden.

Wenn die Wertpapiere in dematerialisierter Form begeben werden, werden sie in das Buchungssystem der Clearingstelle eingetragen. In diesem Fall werden die Rechte an den Wertpapieren zwischen den Inhabern von Konten bei der Clearingstelle gemäß den jeweils geltenden Gesetzen sowie den Vorschriften und Verfahren, die auf die

Clearingstelle anwendbar bzw. von dieser erlassen worden sind, (die „**Anwendbaren Vorschriften**“) übertragen.

Die Endgültigen Bedingungen geben an, ob die Wertpapiere durch eine Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden.

Unabhängig davon, ob die Wertpapiere in einer Globalurkunde verbrieft werden oder in dematerialisierter Form begeben werden, werden keine Einzelurkunden ausgegeben.

Wertpapierinhaber:

„**Wertpapierinhaber**“ bezeichnet (im Fall der Verbriefung der Wertpapiere durch eine Globalurkunde) den Inhaber eines Anteils an der Globalurkunde bzw. (falls die Wertpapiere in dematerialisierter Form begeben werden) eine Person, in deren Namen ein Wertpapier im Buchungssystem der Clearingstelle eingetragen ist oder jede andere Person, die nach den Anwendbaren Vorschriften als Inhaber der Wertpapiere gilt.

Status der Wertpapiere:

Die Wertpapiere begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, mit Ausnahme der Verbindlichkeiten, denen durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

Mitteilungen:

Alle Mitteilungen gemäß den Bedingungen werden entweder (i) auf der Internetseite der Emittentin (oder einer Nachfolgesite) veröffentlicht und gelten mit dem Tag der Veröffentlichung als wirksam erfolgt oder werden (ii) an die Clearingstelle übermittelt und gelten mit der Übermittlung als wirksam erfolgt, es sei denn, die betreffende Mitteilung sieht ein anderes Datum für die Wirksamkeit vor. Auf welche Weise Mitteilungen erfolgen, ist in den jeweiligen Endgültigen Bedingungen angegeben. Zusätzliche Veröffentlichungsvorschriften im Rahmen zwingender gesetzlicher Vorschriften oder im Rahmen der Regeln oder Vorschriften maßgeblicher Börsen bleiben hiervon unberührt.

Ersetzung der Emittentin:

Die Emittentin kann jederzeit ohne die Zustimmung der Wertpapierinhaber sich selbst als Emittentin der Wertpapiere im Hinblick auf sämtliche Rechte, Verpflichtungen und Verbindlichkeiten aus oder im Zusammenhang mit den Wertpapieren durch eine andere Gesellschaft ersetzen (die „**Ersatzemittentin**“), sofern die diesbezüglich in den Endgültigen Bedingungen genannten Voraussetzungen (u.a. Mitteilung an die Wertpapierinhaber) erfüllt sind.

Besteuerung:

Der Wertpapierinhaber (und nicht die Emittentin) haftet für und/oder trägt sämtliche Steuern, Abgaben oder Lasten im Zusammenhang mit dem Eigentum und/oder der Übertragung, Zahlung oder Lieferung in Bezug auf die von ihm gehaltenen Wertpapiere. Die Emittentin ist berechtigt, von an Wertpapierinhaber zu zahlenden Beträgen solche Beträge einzubehalten bzw. abzuziehen, die jeweils zur Deckung bzw. Zahlung solcher Steuern, Abgaben oder Lasten oder zur Vornahme von Einbehalten oder sonstigen Zahlungen erforderlich sind.

Produktbedingungen:

Auf die unterschiedlichen Arten von Wertpapieren, die in diesem Basisprospekt beschrieben sind, sind unterschiedliche Produktbedingungen anwendbar. Nachfolgend ist eine Zusammenfassung bestimmter wichtiger Bestimmungen der Produktbedingungen aufgeführt, die für alle Wertpapiere gelten.

Ausübung der Wertpapiere:

Die Wertpapiere werden entweder (i) an dem in den Endgültigen Bedingungen angegebenen Ausübungstag automatisch ausgeübt (bei Optionsscheinen mit amerikanischer Ausübungsart oder Optionsscheinen mit europäischer Ausübungsart) oder (ii) durch die Wertpapierinhaber während der in den Endgültigen Bedingungen angegebenen Ausübungsfrist ausgeübt (bei Optionsscheinen mit amerikanischer Ausübungsart).

Im Fall einer automatischen Ausübung erfolgt die Zahlung und/oder Lieferung vorbehaltlich der Vorlage einer Bescheinigung durch den Wertpapierinhaber. Im Fall einer Ausübung durch den Wertpapierinhaber erfolgt die Zahlung und/oder Lieferung vorbehaltlich der Vorlage einer Ausübungserklärung durch den Wertpapierinhaber. Jede solche Bescheinigung bzw. Ausübungserklärung muss die

in den Produktbedingungen aufgeführten Angaben enthalten, unter anderem eine Erklärung dahingehend, dass der Wertpapierinhaber weder eine US-Person ist noch sich in den Vereinigten Staaten befindet.

Vorzeitige Kündigung:

Die Emittentin ist berechtigt, die Wertpapiere vorzeitig zu kündigen, (i) wenn sie nach ihrem billigem Ermessen festgelegt hat, dass die Erfüllung der Verbindlichkeiten aus den Wertpapieren für die Emittentin aufgrund der nach Treu und Glauben gebotenen Einhaltung der von einem Staat, einer Verwaltungsbehörde, einem Gesetzgeber oder einem Gericht erlassenen gegenwärtigen oder zukünftigen Gesetze, Verordnungen, Vorschriften, Urteile, Beschlüsse oder Richtlinien (das „**Anwendbare Recht**“) vollständig oder teilweise rechtswidrig ist oder wird, und (ii) falls sich bestimmte in den Endgültigen Bedingungen angegebene Absicherungsstörungen ereignet haben. Kündigt die Emittentin in diesen Fällen vorzeitig, wird sie jedoch jedem Wertpapierinhaber, sofern und soweit nach Anwendbarem Recht zulässig, für jedes von einem solchen Wertpapierinhaber gehaltene Wertpapier einen Betrag zahlen, den die Emittentin nach ihrem billigen Ermessen als angemessenen Marktwert des Wertpapiers unmittelbar vor einer solchen Kündigung (ohne Berücksichtigung einer etwaigen Rechtswidrigkeit) festlegt, abzüglich der Kosten, die der Emittentin im Zusammenhang mit der Rückabwicklung der Geschäfte entstanden sind, die zur vollständigen oder teilweisen Absicherung der Verpflichtungen aus den Wertpapieren abgeschlossen wurden.

Zahlstelle, Hauptzahlstelle und Berechnungsstelle:

The Royal Bank of Scotland plc oder ein anderer in den Endgültigen Bedingungen genannter Rechtsträger.

Abwicklung von Wertpapieren:

Die Wertpapiere können je nach Angabe in den Endgültigen Bedingungen durch Zahlung eines Auszahlungsbetrags oder durch Lieferung des Basiswerts abgewickelt werden.

Clearingstelle:

Clearstream Banking AG, Frankfurt („**CBF**“), Clearstream Banking, société anonyme, Luxemburg („**CBL**“) und Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems („**Euroclear**“) und/oder etwaige andere oder weitere in den Endgültigen Bedingungen genannte

Clearingstellen.

Marktstörung oder Fondsstörung:

Bei Vorliegen einer Marktstörung bzw. einer Fondsstörung (wie jeweils in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen sind in den Endgültigen Bedingungen für alle Arten von nicht an Fonds gebundenen Wertpapieren angegeben; Fondsstörungen sind in den Endgültigen Bedingungen für fondsgebundene Wertpapiere angegeben; sie sind je nach Art des Wertpapiers unterschiedlich.

Marktstörung in Schwellenländern:

Bei Vorliegen einer Marktstörung in Schwellenländern (wie in den Endgültigen Bedingungen angegeben) kann es für die Wertpapierinhaber zu einer Verzögerung bei der Bestimmung von für die Abwicklung bedeutsamen Parametern sowie bei der Abwicklung selbst kommen. Darüber hinaus kann es zu nachteiligen Auswirkungen auf die für die Abwicklung bedeutsamen Parameter (z. B. Kurs, Preis bzw. Stand des Basiswerts) kommen. Marktstörungen in Schwellenländern sind nur anwendbar, wenn die Endgültigen Bedingungen dies vorsehen.

Abrechnungsstörung:

Liegt eine Abrechnungsstörung (wie in den Endgültigen Bedingungen angegeben) bei Wertpapieren mit physischer Lieferung vor, kann es für die Wertpapierinhaber zu einer Verzögerung bei der Lieferung des Basiswerts kommen. Falls die Lieferung des Basiswerts aufgrund einer Abrechnungsstörung nicht durchführbar ist, ist die Emittentin berechtigt, an den Wertpapierinhaber anstelle der Lieferung des Basiswerts den von der Emittentin nach ihrem billigen Ermessen festgelegten angemessenen Marktwert der Wertpapiere abzüglich der Kosten zu zahlen, die der Emittentin im Zusammenhang mit der Rückabwicklung der Geschäfte, die zur vollständigen oder teilweisen Absicherung der Verpflichtungen aus den Wertpapieren abgeschlossen wurden, entstanden sind (der „**Barabrechnungspreis bei Störung**“). Die Abrechnungs-

störung und der Abzug dieser Kosten können sich nachteilig auf die Festlegung dieses Barabrechnungspreises bei Störung auswirken. Abrechnungsstörungen sind in den Endgültigen Bedingungen für Wertpapiere, bei denen der Basiswert physisch geliefert werden kann, angegeben; die Angabe kann je nach Art des Wertpapiers unterschiedlich sein.

Absicherungsstörung:

Im Falle einer Störung der Absicherung der Emittentin (Absicherungsstörung) (wie in den Endgültigen Bedingungen angegeben) ist die Emittentin berechtigt, (i) die Wertpapiere zu kündigen (siehe vorstehend unter „Vorzeitige Kündigung“) oder (ii) den Basiswert durch einen anderen Basiswert zu ersetzen oder (iii) eine Anpassung der Bedingungen vorzunehmen, um den inneren Wert der Wertpapiere nach der Vornahme der durch die betreffende Absicherungsstörung bedingten Anpassungen zu erhalten.

Anpassungen im Hinblick auf die Europäische Währungsunion:

Die Emittentin kann sich ohne Zustimmung der Wertpapierinhaber durch Mitteilung an die Wertpapierinhaber dafür entscheiden, mit Wirkung ab dem in der betreffenden Mitteilung genannten Tag die Währung für bestimmte Bedingungen der Wertpapiere auf Euro umzustellen, wie in der betreffenden Produktbedingung näher beschrieben.

Anwendbares Recht:

Die Wertpapiere unterliegen deutschem Recht oder einem anderen in den Endgültigen Bedingungen genannten Recht und werden nach diesem ausgelegt.

Erfüllungsort und Gerichtsstand:

Erfüllungsort und Gerichtsstand für die Wertpapiere ist Frankfurt am Main, Deutschland, oder ein anderer in den Endgültigen Bedingungen genannter Erfüllungsort und Gerichtsstand.

RISK FACTORS

This "Risk Factors" section is to protect potential purchasers of warrants (the "Securities" or the "Warrants") from making investments that are not suitable for their purposes as well as to set out economic and legal risks associated with an investment in the Securities.

Potential purchasers of the Securities should be aware of the risks associated with an investment in the Securities before making an investment decision. Hence, potential purchasers of the Securities should also read the rest of the information set out in this Base Prospectus, the registration document of The Royal Bank of Scotland plc (the "Issuer") dated 24 February 2012 (the "Registration Document") which was approved by the competent authority in the United Kingdom (Financial Services Authority), as well as in any supplements to this Base Prospectus approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and in the so-called final terms (the "Final Terms") prior to making any investment decision. To be able to make their own assessments prior to making any investment decision, potential purchasers of the Securities should consult their own stockbroker, banker, lawyer, accountant or other legal, tax or financial advisers and carefully review the risks entailed in an investment in the Securities and consider such an investment decision in the light of their personal circumstances.

The Issuer believes that the factors described below and in the Registration Document may affect its ability to fulfil its obligations under the Securities issued. In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are also described below. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below and in the Registration Document represent the material risks inherent in investing in the Securities, but the inability of the Issuer to pay amounts on or in connection with any Securities may occur for other reasons than the factors described below. This may, for example, be due to the fact that, based on the information available to the Issuer as at the date of this Base Prospectus, the Issuer failed to identify, or anticipate the occurrence of, material risks.

1. RISK FACTORS RELATED TO THE ISSUER

Each potential investor in the Securities should refer to the risk factors section of the Registration Document for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities issued.

2. RISK FACTORS RELATED TO THE SECURITIES

The Final Terms may replicate in part or in whole the risk factors set forth in this section and, in order to reflect the specific structure applicable to a specific tranche of Securities, contain additional risk factors. If the risk factors set forth in this section are replicated in the Final Terms, additional risk factors may be added to reflect the specific structure applicable to a specific tranche of Securities.

2.1 General Risks

The Securities are warrants which entail particular risks

Warrants are investment instruments which, following exercise in accordance with the Final Terms, either pay a cash amount (which is capped in case of Discount Call Warrants and Discount Put Warrants) determined by reference to the value of an underlying on a day specified in the Final Terms ("**cash settled Securities**") or deliver the underlying ("**physically settled Securities**"), subject to the multiplier, as specified in the Final Terms. Possible underlyings of the Warrants may be commodities, commodity forward contracts or commodity future contracts, currencies, funds, government bond futures, indices, inflation indices, shares (except those of the Issuer or of any other company of the Group), baskets consisting of shares or structured securities (each an "**Underlying**"), in case of physically settled Securities, only shares or share baskets. In case of physically settled Securities, it is possible that a cash amount is paid in respect of a fractional entitlement instead of delivery of this fractional entitlement. Warrants entail a risk which is linked to the valuation of the Underlying.

Investors should be aware that their entire investment may be lost in the event that the price or level of the Underlying decreases (in case of Call Warrants or Discount Call Warrants) or increases (in case of Put Warrants or Discount Put Warrants).

Unlike direct investments in the Underlying, investors in the Securities are not able to hold the Securities beyond their stated term or the termination date in the expectation of a recovery in the price of the Underlying.

The Securities do not represent any claim to payment of interest, and thus do not generate any ongoing interest income. The Securities do not grant any claim to dividends either.

The price at which a Securityholder will be able to sell Securities prior to exercise or termination may be at a potentially substantial discount to the issue price and/or market value of the Securities.

"**Securityholder**" is, in case of Securities represented by a global bearer security (the "**Global Security**"), the holder of a unit in the Global Security and, in case of Securities issued in dematerialised form, a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the legislation,

rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time. "**Clearing Agent**" is Clearstream Banking AG, Frankfurt, Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear system and/or any other or further clearing agent(s) as specified in the Final Terms.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Base Prospectus or the Final Terms or incorporated by reference;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities where payments are to be made in one or more currencies, or where the currency for any payments is different from the currency of the country where the potential investor is resident;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for the development of economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The value of the Securities may fluctuate

The Securityholders may sustain a total loss of their investment. Potential investors should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Securities at any time, including the following:

- (a) *Valuation of the Underlying.* The market price of the Securities is expected to be affected primarily by changes in the price or level of the Underlying to which such Securities are linked. It is impossible to predict how the price or level of the relevant Underlying will vary over time. Factors which may have an affect on the price or level of certain Underlyings include the rate of return of such Underlyings and the financial position and prospects of the issuer of such Underlyings or any component thereof. In addition, the price or level of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and the relevant stock exchanges. Potential investors should also note that whilst the market value of the Securities is linked to the relevant Underlying and will be influenced (positively or negatively) by it, any change in the performance of the Securities may not be comparable and may be disproportionate as compared to the change of the Underlying. It is possible that while the Underlying is increasing in value, the value of the Securities may fall. Further, where no market value is available for an Underlying, The Royal Bank of Scotland plc in its capacity as calculation agent or such other entity as specified in the Final Terms (the "**Calculation Agent**") may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event, Fund Disruption Event, Emerging Market Disruption Event, Settlement Disruption Event or any other disruption event and/or no Adjustment Event or Potential Adjustment Event (each of these events as specified in the Final Terms) which applies.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risks with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influences interest rates, such as macroeconomic, governmental, speculative, and market sentiment factors. Such fluctuations may have an impact on the value of the Securities.
- (c) *Volatility.* The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macroeconomic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of an Underlying will move up and down over time (sometimes more sharply than others) and different Underlyings will usually have separate volatilities at any particular time.
- (d) *Exchange Rates.* Even where payments with respect to the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment with respect to the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates on the issue date of any Securities will be representative of the relevant rates of exchange used in computing the value of the relevant Securities at any

time thereafter. Where Securities are described as "Quanto", the price or level of the Underlying will be converted from one currency (the "**Strike Currency**") into another currency (the "**Settlement Currency**") on the date and in the manner specified in the Final Terms using a fixed exchange rate. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Strike Currency and the Settlement Currency, a quanto feature in a Security would at any time enhance the return on the Security over a level of a similar security issued without such a quanto feature.

- (e) *Disruption Events.* The Calculation Agent may determine that a disruption event, including but not limited to a Market Disruption Event, a Fund Disruption Event, an Emerging Market Disruption Event, or a Settlement Disruption Event, (each of these events as specified in the Final Terms) has occurred or exists at a relevant time. Such determination may negatively affect the value of the Securities and the pay out under the Securities and/or may delay settlement with respect to the Securities. Potential investors should review the Final Terms to ascertain whether and how such provisions apply to the Securities.
- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and has no rights against any other person. The Securities constitute unsecured and unsubordinated obligations of the Issuer only. The Securities rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

Pricing of Securities and impact of agio, commission, fees etc. on pricing

The issue price with respect to the Securities is based on internal pricing models of the Issuer and may be higher than the market value of the Securities, and the price, if any, at which any person is willing to purchase such Securities in secondary market transactions may be lower than the issue price with respect to such Securities. In particular, the issue price may include (irrespective of any agio which may be payable) commissions and/or other fees relating to the issue and sale of the Securities (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Securities, and secondary market prices are likely to exclude such amounts. In addition, pricing models of other market participants may differ or produce a different result.

There may not be a secondary market in the Securities

There is a risk that investors have to hold the Securities through their life and cannot sell them prior to an exercise or termination. The nature and extent of any secondary market in the Securities cannot be predicted. Therefore, there is a risk of lack of liquidity in the Securities. If the Securities are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Securities were not so listed or quoted. However, if Securities are not listed or quoted on an exchange or quotation system there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain

jurisdictions. The Issuer may affect the liquidity of the Securities by purchasing and holding the Securities for its own account during trading in the secondary market. Any Securities repurchased by the Issuer may be resold at any time in the market.

The total amount of the offer does not necessarily correspond to the amount of the actually issued or still outstanding Securities

The total amount of the offer of a tranche of Securities specified in the Final Terms is the maximum total amount of such tranche of Securities to be offered but does not mean that this amount will actually be issued. The number of Securities actually issued may change over the term of the Securities and depends on various factors. In addition, repurchases by a market maker, if any, or the Issuer (or any of its affiliates), may reduce the amount of Securities being available for investors. Potential investors should therefore not regard the total amount of the offer of a tranche of Securities specified in the Final Terms as indicative of the depth or liquidity of the market or of the demand for such tranche of Securities. This also applies if there is a secondary market in the Securities.

Purchasing the Securities as a hedge may not be effective

Any person intending to use the Securities as a hedge instrument should recognise the correlation risk. The Securities may not be a perfect hedge to an Underlying or portfolio of which the Underlying forms a part. In addition, it may not be possible to liquidate the Securities at a price which directly reflects the price of the Underlying or portfolio of which the Underlying forms a part.

Actions taken by the Issuer may affect the value of the Securities

The Issuer and/or any of its affiliates may carry out activities, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying, whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or price or level of the Underlying and/or the Securities and which could be deemed to be adverse to the interests of the Securityholders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the price or level of the Underlying.

Securityholders have no ownership interest in the Underlying

The Issuer is entitled but not obliged to hold the Underlying or enter into any derivatives contracts linked to the Underlying. Even if the Issuer chooses to do so, the Securities do not convey any ownership interest in the Underlying to the Securityholders. Furthermore, there is no restriction on the

ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying held by it or any derivatives contracts linked to the Underlying entered into by it.

Actions taken by the Issuer and/or the Calculation Agent as a consequence of events affecting the Underlying

The Calculation Agent is the agent of the Issuer and not the agent of the Securityholders or any of them. The Issuer may itself act as the Calculation Agent. The Calculation Agent will make such adjustments to the General Conditions and the Product Conditions applying to a specific tranche of Securities (together, the "**Conditions**") as it considers appropriate as a consequence of any disruption events or certain actions (e.g. corporate actions) affecting the Underlying. The "**General Conditions**" are the general conditions of the Securities and the securities-specific product conditions are the "**Product Conditions**". In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every disruption event or action (e.g. corporate action) affecting the Underlying.

There may be limitations on a Securityholder's right to exercise the Securities

- (a) *Maximum Exercise Number.* If so indicated in the Final Terms, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a Securityholder may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum number (unless the Issuer otherwise elects), with such Securities being selected as specified in the Final Terms. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

- (b) *Minimum Exercise Number.* If so indicated in the Final Terms, a Securityholder may have to tender a specified minimum number of the Securities at any one time in order to exercise the Securities. Thus, Securityholders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of cash

settled Securities, the applicable cash amount or, in the case of physically settled Securities, the value of the applicable share amount.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

- (c) *Integral Multiples.* A Securityholder must tender a number of Securities which is an integral multiple of the number specified in the Final Terms at any one time in order to exercise the Securities. Thus, Securityholders who wish to exercise Securities but do not have the number of Securities which is such an integral multiple will either have to sell Securities or purchase additional Securities, incurring transaction costs in each case, in order to exercise, and may incur the risk that the trading price of the Securities at that time is different from, in the case of cash settled Securities, the applicable cash amount or, in the case of physically settled Securities, the value of the applicable share amount.

Potential investors should review the Final Terms to ascertain whether and to what extent such provisions apply to the Securities.

There may be delays in effecting settlement

There may be a time lag between the time of exercise and the determination of the amount payable or the Underlying deliverable. In addition, there may be a delay in settlement due to a disruption event including but not limited to a Market Disruption Event, a Fund Disruption Event, an Emerging Market Disruption Event, or a Settlement Disruption Event. Payments or deliveries under the Securities (as the case may be) may decrease from what they would have been but for such delay.

The failure to properly deliver any certification or notice required under the Conditions could result in the loss or inability of the investors to receive amounts or deliveries otherwise due under the Securities.

Potential investors should review the Conditions to ascertain whether and how such provisions apply to the Securities.

Taxes may be payable by the Securityholders

Potential investors in, and sellers of, the Securities should be aware that they may be required to pay taxes, duties or other charges in accordance with the laws and practices of the country where the Securities are transferred. Pursuant to the provisions of General Condition 7, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities and the Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Furthermore, any payment and/or delivery due with respect to the Securities will be conditional upon the payment of any expenses as provided in the Product Conditions.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential investors should be aware that tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

The Securities may under certain circumstances be terminated by the Issuer prior to their stated date

The Issuer has the right to terminate the Securities early (i) if it shall have determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order, or directive of any governmental, administrative, legislative, or judicial authority or power (the "**Applicable Law**") and (ii) upon the occurrence of a Hedging Disruption Event as specified in the Final Terms. If the Issuer terminates early in such circumstances, it will, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring the illegality, if any) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

Risks associated with Securities represented by a Global Security or issued in dematerialised form

The Securities, except in the case of Securities issued in dematerialised form, are bearer securities which are represented by a Global Security deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred. If the Securities are issued in dematerialised form (the "**Dematerialised Securities**"), they will be registered in the book-entry system of the Clearing Agent. In that case, title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time. In either case (whether in global or in dematerialised form), no definitive securities will be issued.

Irrespective of whether the Securities are represented by a Global Security or issued as Dematerialised Securities, the Issuer has no responsibility or liability under any circumstances for any acts and omissions of the relevant Clearing Agent as well as for any losses which a Securityholder might incur out of such acts and omissions in general and for records relating to, or payments made in respect of, the Securities.

Risk associated with nominee arrangements

Where a nominee service provider is appointed by a Securityholder to hold its Securities (nominee arrangement) or such Securityholder holds interests in any Security through accounts with a Clearing Agent, such Securityholder will receive payments or deliveries solely on the basis of the arrangements

entered into by the Securityholder with the nominee service provider or Clearing Agent, as the case may be. Furthermore, such Securityholder must rely on the nominee service provider or Clearing Agent to distribute all payments or securities attributable to the relevant Securities which are received from the Issuer. Accordingly, such a Securityholder will be exposed to the credit risk of, and default risk with respect to, the nominee service provider or Clearing Agent, as well as the Issuer.

In addition, such a Securityholder will only be able to sell any Securities held by it prior to their stated term with the assistance of the nominee service provider.

None of the Issuer or The Royal Bank of Scotland plc in its capacity as paying agent or such other entity as specified in the Final Terms (the "**Paying Agent**") shall be responsible for the acts or omissions of any nominee service provider or Clearing Agent nor does it make any representation or warranty, express or implied, as to the service provided by any nominee service provider or Clearing Agent.

The return on an investment in the Securities will be affected by charges incurred by the Securityholders

A Securityholder's total return on an investment in the Securities will be affected by the level of fees charged by the nominee service provider and/or the Clearing Agent used by the Securityholder. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Securities, custody services and on payments or deliveries. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Securities.

Changes of law may affect the value of the Securities

The Conditions are based on the law set forth in the respective Product Condition which may be German law or any other law specified in the Final Terms. No assurance can be given as to the impact of any possible change to such law or judicial or administrative practice in the relevant jurisdiction after the date of this Base Prospectus.

Ratings may not reflect all risks

One or more independent rating agencies may assign credit ratings to the Issuer or the Securities. The ratings may not reflect the potential impact of all risks related to the structure of the Securities, the market, additional factors discussed above and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment constraints may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities qualify as legally permissible investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions

apply to the purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Use of loans

If an investor uses a loan to finance the purchase of the Securities, not only does it have to absorb the loss if the Securities fail to develop as expected, but it must also repay the loan principal plus interest. This increases the investor's risk of loss significantly. Investors should never count on paying interest and principal with profits from an investment in Securities. Instead, potential purchasers of Securities should first examine their financial situation in order to determine whether they will be able to pay the interest, and if necessary, repay the loan on short notice, even if the expected profits turn into losses.

2.2 Special Risks

Factors which are material for the purpose of assessing the market risks associated with the Securities

Call Warrants

In case of cash settled Call Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier. In case of physically settled Call Warrants, the Issuer delivers a number of the underlying shares corresponding in value to the Final Reference Price multiplied by the warrant multiplier whereas, in return, the Securityholder has to pay the Strike and expenses (if any) to the Issuer. It is, however, possible that a cash amount is paid with respect to a fractional entitlement instead of delivery of this fractional entitlement. As a general rule (i.e., when not taking into account any other factors impacting the price of Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Call Warrants typically increases (i) the more the Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Call Warrants is.

Put Warrants

In case of Put Warrants, the cash amount payable to the Securityholder is equal to the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B)

the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Put Warrants typically increases (i) the more the Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Put Warrants is.

Discount Call Warrants

Discount Call Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount" (as defined below).

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Call Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Call Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Call Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**") and (B) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between a fixed price or level specified in the Final Terms (the "**Cap**") and the Strike, multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Call Warrants), a *decrease of the price or level of the Underlying* leads to losses for holders of Discount Call Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Call Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Call Warrants typically increases (i) the more the Discount Call Warrants are out of the money, i.e. *the more the market price of the Underlying is lower than the Strike* and (ii) the shorter the remaining term of the Discount Call Warrants is.

Additionally, the Securityholder will not participate in any increase in the price or level of the Underlying if the difference between the Final Reference Price and the Strike multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Call Warrant is generally lower than the price of a Call Warrant where the cash amount is not capped at a

Maximum Amount. This means Discount Call Warrants are priced at a discount compared to Call Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Call Warrants where the cash amount is not capped at a Maximum Amount.

Discount Put Warrants

Discount Put Warrants are cash settled Securities, where the cash amount payable to the Securityholder is capped at the "Maximum Amount (as defined below)".

The cash amount payable equals the lower of the Maximum Amount and the difference between (A) a fixed price or level of the Underlying specified in the Final Terms (the "**Strike**") and (B) the price or level of the Underlying (i) on the exercise date specified in the Final Terms (if the Discount Put Warrants are European Style Warrants as described below under "European Style Warrants") or (ii) either the business day on which the Securityholder has duly exercised the relevant Discount Put Warrants or the exercise date specified in the Final Terms whichever is earlier (if the Discount Put Warrants are American Style Warrants as described below under "American Style Warrants") (the "**Final Reference Price**"), multiplied by the multiplier.

The "**Maximum Amount**" is equal to the difference between the Strike and a fixed price or level specified in the Final Terms (the "**Cap**"), multiplied by the multiplier.

As a general rule (i.e., when not taking into account any other factors impacting the price of Discount Put Warrants), an *increase of the price or level of the Underlying* leads to losses for holders of Discount Put Warrants. Therefore, up to (and including) the date of exercise there is a risk for the Securityholder to completely lose the invested amount paid for the Discount Put Warrant including any transaction costs incurred. The risk of a full or partial loss of the investment in Discount Put Warrants typically increases (i) the more the Discount Put Warrants are out of the money, i.e. *the more the market price of the Underlying is higher than the Strike* and (ii) the shorter the remaining term of the Discount Put Warrants is.

Additionally, the Securityholder will not participate in any decrease in the price or level of the Underlying if the difference between the Strike and the Final Reference Price multiplied by the multiplier exceeds the Maximum Amount. On the other hand, the initial issue price of a Discount Put Warrant is generally lower than the price of a Put Warrant where the cash amount is not capped at a Maximum Amount. This means Discount Put Warrants are priced at a discount compared to Put Warrants where the cash amount is not capped at a Maximum Amount. Nevertheless, the risk of a total loss is the same as for Put Warrants where the cash amount is not capped at a Maximum Amount.

European Style Warrants

European Style Warrants are warrants which are automatically exercised on the exercise date specified in the Final Terms. European Style Warrants cannot be exercised by the Securityholders before their exercise date. In case of such an automatic exercise, payment and/or delivery are subject

to delivery of a certification by the Securityholder. Any such certification has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

American Style Warrants

American Style Warrants are warrants which may be exercised on any business day within the exercise period specified in the Final Terms. If American Style Warrants are not exercised during their exercise period, the Warrants are automatically exercised on the exercise date specified in the Final Terms. In case of an automatic exercise, payment and/or delivery are subject to delivery of a certification by the Securityholder. In case of an exercise by the Securityholder, payment and/or delivery are subject to delivery of a notice. Any such certification or notice (as the case may be) has to contain the information set forth in the Product Conditions, among others, a statement that the Securityholder is neither a U.S. person nor a person within the United States.

Quanto Warrants

Where the Settlement Currency is different to the Strike Currency, Warrants may have a quanto feature, i.e. a fixed rate of exchange between the two currencies for the term of the Securities, thus a built-in currency hedge. The Issuer may charge the Securityholder for arranging and maintaining such quanto feature by way of reducing the amount received or the number of the Underlying delivered (as the case may be) by the Securityholder.

2.3 Risks relating to the Underlying

Certain Underlyings to which the Securities are linked are subject to certain risks

Special risks associated with commodities

In general, there are three main categories of commodities: mineral commodities (e.g. oil, gas, aluminium and copper), agricultural products (e.g. wheat and corn) and precious metals (e.g. gold and silver). Most commodities are traded on specialised exchanges or directly among market participants in the form of over the counter dealings (off-exchange) through largely standardised contracts.

The price risks inherent in commodities are often complex, as prices are subject to greater fluctuations (volatility) in this investment category than in other investment categories. In particular, commodities markets are less liquid than bond, currency or stock markets so that supply and demand changes materially affect prices and volatility. Consequently, investments in commodities are associated with greater risks and are more complex than investments in bonds, currencies or stocks.

There are numerous and complex factors affecting commodity prices. The following is a non-exhaustive list of several typical factors affecting commodity prices:

- (a) *Supply and demand.* Planning and managing the commodities supply is very time-consuming. As a result, there is little room for manoeuvre on the supply side and it is not possible to

quickly adjust production to demand changes at all times. Demand may also differ on a regional scale. Likewise, prices are affected by the costs of transport to regions where commodities are needed. The cyclical behaviour of some commodities, e.g. agricultural products that are seasonally grown or produced, may entail heavy price fluctuations.

- (b) *Direct investment costs.* Direct investments in commodities are associated with storage and insurance costs as well as taxes. In addition, commodities do not pay interest or dividends. These factors affect the total return of commodities.
- (c) *Liquidity.* Not all commodities markets are liquid and able to react quickly and in a sufficient scope to changes in the supply and demand situation. As only few market participants are trading in the commodities markets, heavy speculative activity may have adverse consequences and cause price distortions.
- (d) *Weather and natural disasters.* Unfavourable weather conditions may affect the supply of certain commodities for the entire year. A supply crisis triggered by unfavourable weather conditions may lead to heavy and unpredictable price fluctuations. Likewise, the spread of diseases and the outbreak of epidemics may affect the prices of agricultural products.
- (e) *Political risks.* Commodities are often produced in emerging markets and in demand from industrial countries. Often, however, the political and economic situation in emerging markets is far less stable than in the industrial countries. Emerging markets are far more susceptible to the risks associated with swift political changes and economic downturns. Political crises may shake the confidence of investors which, in turn, may affect the prices of commodities. Military or other conflicts may change the supply and demand patterns of certain commodities. Moreover, industrial countries may impose embargos on exported or imported goods and services, which may have a direct or indirect impact on the commodity prices. In addition, several commodities producers have formed organisations or cartels in order to regulate supply and, thus, prices.
- (f) *Taxation.* Changes in tax rates and tariffs may decrease or increase the profitability of commodities producers. Where such costs are passed on to investors, changes in tax rates and tariffs affect the prices of the respective commodities.

Past Performance. The past performance of the commodity is no guarantee of future results even if the past performance of the commodity has been tracked for a longer time.

Special risks associated with forward contracts and futures contracts

Commodity forward and future contracts are standardised forward and futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals), whereas financial forward and futures contracts are standardised forward and futures transactions that are linked to financial instruments (e.g. shares, indices and foreign currencies).

A forward or futures transaction constitutes the contractual obligation to buy or sell a certain amount or number of the respective underlying at a fixed price and at a pre-determined future point in time.

Forward and futures contracts are traded on futures exchanges and standardised for this purpose with respect to their contract size, the nature and quality of the underlying as well as delivery places and dates, if any.

Generally, there is a strong correlation between the price development of an underlying on the spot market and the corresponding futures exchange. However, forward and futures contracts are often traded at a premium on, or discount from, the spot price of the underlying. In the terminology used on futures exchanges, the difference between the spot price and the futures price is called "contango" or "backwardation", as the case may be, and is a result of the inclusion of costs usually incurred in connection with spot transactions (storage, delivery, insurance etc.) and of income usually generated with spot transactions (interest, dividends etc.) on the one hand and differences in the evaluation of general market factors prevailing on the spot market and the futures exchange and the corresponding expectations of market participants on the other hand. Moreover, liquidity on the spot market may differ considerably from liquidity on the corresponding futures exchange, depending on the underlying.

Furthermore, when investing in commodity forward and future contracts, investors may find themselves in situations where the prices of commodity forward and future contracts expiring at a later date are higher (contango) or lower (backwardation) than the current spot price of the respective commodity. As the expiry date of the respective futures contract approaches, the futures price and the spot price of the respective commodity converge so that the Security linked to the respective futures contract may show a negative performance despite the fact that the spot price of the commodity is increasing.

If the Securities are linked to the exchange price of the underlying forward and futures contracts, knowledge of the market of the underlying to which the respective forward or futures contract is linked as well as of the functioning and evaluation factors of forward and futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Securities. If the underlying to which the forward or futures contract is linked is a commodity, the risk factors set out in "*Special risks associated with commodities*" above should be taken into account in addition to the risk factors described in this sub-section.

Special risks associated with fund underlyings

Risk of short operating history. As at the date of the issuance of Securities linked to a fund, the underlying fund (the "**Underlying Fund**") may have only a short operating history, the strategies that will be applied by the Underlying Fund may not have previously been used, and such strategies may deliver disappointing results over the longer term.

Past Performance. The past performance of the Underlying Fund is no guarantee of future results even if the Underlying Fund has a longer operating history.

Fees at various levels. In case of funds, fees can arise at various levels. At the level of the fund itself, fees arise on a regular basis, for instance in the form of administration fees. Additional fees and expenses may arise and be charged due to the contracting of third parties for services in connection with the management of the fund.

At the level of the investments made by the fund, fees can arise, for instance when an investment is made in other funds or other investment vehicles, which adversely affect the performance of such investments, and thus also the value of the fund assets.

Furthermore, performance-based fees may arise with regard to individual investments, even though a loss may have been incurred on the basis of the aggregate investments made.

Liquidity risk. When there is no buyer regarding units of the Underlying Fund and investments in the fund cannot be readily sold at the desired time or price, or, in the case the Underlying Fund is a fund of funds, the Underlying Fund may not be able to sell funds comprising its portfolio, the Underlying Fund may suffer price decreases all of which can adversely affect the value of the Securities. If the instruments in which the fund has invested are illiquid, the fund may incur considerable delays when trying to sell such investments. During the period of such a delay, the price of the relevant investment may change considerably. As a result, the fund may suffer substantial losses, which in turn may have a negative impact on the value of a fund unit. This can also lead to difficulties in calculating the net asset value of the fund which may lead to adverse consequences for the Securities.

Postponement or suspension of redemptions. A fund to which the Securities relate may cease or limit redemption of fund units with effect for a valuation date which is relevant for the calculation of an amount payable under the Securities. This can lead to delays in the payments on, or redemptions regarding, the Securities and to lower payments under the Securities.

Delayed publication of the net asset value. A fund to which the Securities relate may publish the net asset value with a delay which may lead to postponements for the calculations under the Securities.

Concentration on certain countries, industries or investment classes. It is possible that the fund to which the Securities relate concentrates its assets on certain countries, industries or investment classes. In such case, it can be subject to higher fluctuations in value than it would be if the risks were more diversified between industries, regions and countries. The value of investments in certain countries, industries and investment classes can be subject to high fluctuations within short periods of time.

Risks involved in less regulated markets. It is possible that an Underlying Fund invests in less regulated, tight and exotic markets. In such a case, there is the risk of government interventions which lead to a total or partial loss of the invested capital or of access to the capital invested there. Furthermore, an Underlying Fund might not be subject to any regulation or may invest in investment vehicles which are not subject to any regulation. Conversely, the introduction of regulation of a previously unregulated fund may create significant disadvantages for such funds.

Special risks connected with investments in alternative investment vehicles. A fund to which the Securities relate may carry a number of risks which are generally involved in investments in alternative investment vehicles. These include, among other things, insufficient transparency, lack of investment restrictions, concentration of risks, non-listed assets where it is difficult to estimate the net asset value, valuation errors, leverage, use of derivatives, short selling and trading with illiquid

instruments. Furthermore, there is the risk of fraud or misrepresentation on the part of a trading adviser, manager or other service provider of an investment vehicle.

Conflicts of interest. Certain conflicts of interest may arise in connection with the business activities of a fund.

A trustee, manager or adviser of the fund can be in a potential conflict of interest due to, among other things, fee reimbursements or other advantages. For instance, a performance-based fee may be an incentive to invest in risky investments in order to achieve higher returns. In addition, when investment opportunities are scarce, an investment adviser may be tempted to arrange investments first for those persons who pay the highest fee.

Moreover, advisers of the fund and their respective employees can perform management, trading or consulting services for other accounts. One of these parties may be tempted to give preference to those portfolios carrying the highest fee.

Likewise, advisers of the fund and their respective employees can perform management, trading or consulting services for their own accounts and the accounts of other customers, and make recommendations or enter into positions that differ from those made for the fund or held by or for the fund or that compete with the fund. Persons entrusted with the management of the fund assets may receive performance-based fees, but do not participate in potential losses. This could be an incentive to enter into riskier transactions.

Moreover, persons affiliated with an administrator, manager, trustee or other person involved in the administration of the fund may enter into their own legal transactions with the fund.

There may be conflicts of interest other than those mentioned above.

Currency risk. The portfolio of the Underlying Fund may include investments which are denominated in a currency other than the currency of the fund (the "**Underlying Fund Currency**") and some income by the fund may be received in a currency other than the Underlying Fund Currency. Even if the Underlying Fund entered into a forward foreign exchange contract for currency hedging purposes, the relevant forward foreign exchange contract would not constitute a perfect hedge. Accordingly, the net asset value of the assets may be adversely affected by changes in the value of the currencies of the investments relative to the Underlying Fund Currency.

Further risks to funds in general. Further risks common to all funds include:

- (a) the risk that the price of one or more of the assets in the Underlying Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect an asset's performance, including both general financial market conditions and factors related to a specific asset or asset class;
- (b) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (c) asset allocation policies of the investment adviser;

- (d) credit worthiness and the risk of default of the asset or of the assets generally in that class of assets;
- (e) the risk that the Underlying Fund's investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the value of the Underlying Fund shares is materially changed;
- (f) the risk that the Underlying Fund is liquidated, dissolved or otherwise ceases to exist or it or the investment adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law;
- (g) the risk that the Underlying Fund or the investment adviser is subject to a fraud event;
- (h) the risk that under certain circumstances the Underlying Fund may be subject to the actions of other investors in the investment vehicles in which it is invested. For instance, a significant redemption of shares could cause liquidation of assets; and
- (i) the risk that the investment adviser will not manage the Underlying Fund in relation to maximise return under the Securities but solely in accordance with the investment objectives and/or investment restrictions applicable to the Underlying Fund.

Special risks associated with indices

Risk of short history. As at the date of the issuance of Securities linked to an index, the underlying index may have been in existence only for a short period of time, the strategies that will be applied by the underlying index may not have previously been used, and such strategies may deliver disappointing results over the longer term.

Past Performance. The past performance of the underlying index is no guarantee of future results even if the underlying index has been in existence for a longer period of time.

Special risks associated with inflation indices. If the Securities relate to an inflation index, they may be subject to risks which are not associated with a conventional index (such as an equity index).

Inflation indices measure changes over time in the average prices of consumer goods and services purchased by households.

Depending on the composition of an inflation index, the development of the inflation rate may vary and the basket of goods and services constituting the relevant index does not necessarily correspond to the behaviour and expenses of the investor. Hence, the investment in a Security linked to an inflation index may not be adequate to protect the investor against inflation.

Among other things, changes in the general economic, financial, political or regulatory conditions, as well as changes in prices paid for various consumer goods, services and/or sales taxes (such as value added tax) may influence an inflation index.

The factors set out before make the evaluation of the development of the relevant inflation index and thus of the value and market price of the relevant Securities difficult.

Risks applicable where the Underlying is a price index related to shares. If the Underlying is a price index (contrary to a performance index), dividends paid out result in a decrease in the level of the index. Securityholders thus do not participate in any dividends or other distributions on the shares contained in the price index.

Influence of the Issuer on the composition of an underlying index. The composition of an index may be determined in such a way that the index sponsor determines the composition and carries out the calculation of the index alone or in cooperation with other entities. If the Issuer is not the index sponsor, it usually cannot influence the composition of the index and the relevant index sponsor can make changes to the composition or calculation of the index under the index rules which may have a negative effect on the performance of the index or can permanently discontinue the calculation of the index without establishing a successor index. In the latter case, the Securities may be terminated and a loss may be incurred. On the other hand, if the Issuer or an affiliated company of the Issuer acts as index sponsor or as index calculator, conflicts of interests may arise with respect to the Issuer or its affiliated company acting in different capacities under the Conditions of the Securities and under the index rules. Conflicts of interest may also arise in this case if the Issuer or an affiliated company has issued or owns assets being components of the index or if the Issuer or an affiliated company has business relations with entities having issued or owning assets being components of the index.

Special risks associated with shares and baskets of shares

Risk of short history. As at the date of the issuance of Securities linked to a share or basket of shares, the underlying shares may have been in existence or have been listed only for a short period of time and may deliver disappointing results over the longer term.

Past Performance. The past performance of an underlying share or underlying basket of shares is no guarantee of future results even if the underlying share or underlying basket of shares has been in existence or have been listed for a longer period of time.

Risks related to foreign exchange controls. Potential investors should note that payments under the Securities by the Issuer with respect to stock basket or single stock Securities can be subject to the ability of the Issuer to sell the Underlying and to there being no foreign exchange control restrictions, including restrictions which prevent the conversion of the Strike Currency into the Settlement Currency and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying.

Dividends and distributions. Unless otherwise specified in the relevant Product Conditions, investors receive neither dividends nor any other distributions from the underlying shares.

Special risks associated with emerging market underlyings

Investing in Securities with emerging market underlyings (see the following paragraph below) involves substantial risks (including legal, political and economic risks) in addition to those risks normally associated with making investments in other countries and other investment products. Consequently, investments in Securities with emerging market underlyings are only suitable for investors who are

aware of the special risks associated with an investment in emerging market assets and who have the knowledge of, and expertise in, financial transactions required to evaluate the risks and merits of an investment in such securities.

Emerging markets are countries whose economies are in the process of changing from those of a moderately developed country to that of an industrial country. Emerging market underlyings include for example assets traded or listed on an exchange in emerging markets (e.g. certain commodity future contracts or shares), emerging market currencies, shares of companies whose assets are located in emerging markets to a material extent or that carry out a material share of their business activities in emerging markets, as well as indices comprising stocks or other financial instruments from emerging markets. Emerging markets are exposed to risks inherent in rapid political changes and economic downturns. Certain political risks may be higher in emerging markets than, for example, in EU countries or other industrial countries.

For example, restrictions may be imposed on foreign investors; assets may be expropriated or subject to taxation that is equivalent to expropriation; foreign bank deposits or other assets may be confiscated or nationalised; exchange controls may be imposed or other adverse political and/or social developments may occur. In addition, emerging markets economies may experience adverse developments including, but not limited to, in relation to inflation rates, exchange rate fluctuations or payments settlement. Each of the above impairments may have an adverse effect on investments in such country and may continue for a prolonged period of time, i.e. weeks or even months. Each of the above impairments may constitute a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event under the conditions of the Securities issued under this Base Prospectus. As a consequence, no prices may be quoted in such period for the Securities affected by such an event. If, for example, it is determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) that a Market Disruption Event, a Fund Disruption Event, or an Emerging Market Disruption Event has occurred or is continuing at the valuation date, the valuation date may be postponed by a considerable period of time. As a result, payments or deliveries to be made under the Securities may be delayed considerably. If, on the last day of the period by which the valuation was postponed, the Market Disruption Event, Fund Disruption Event, or Emerging Market Disruption Event is still continuing, the reference price of the Underlying will be determined by the Issuer in its reasonable discretion (*billiges Ermessen*) and may even be zero.

Securities markets in emerging markets are mostly less developed, substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. No assurance can be given that such volatility or illiquidity will not occur in the future. Many such securities markets also have clearance and settlement procedures that are less developed, less reliable and less efficient than those in more developed countries. There may also be generally less governmental supervision and regulation of the securities exchanges and securities professionals in emerging markets than exists in more developed countries.

Disclosure, accounting and regulatory standards in emerging markets are in many respects less stringent than standards in more developed countries and there may be less publicly available

information about companies in such markets than is regularly published by or about companies in more developed countries. The assets and liabilities and profits and losses appearing in the financial statements of such companies may not reflect their financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with generally accepted international accounting principles in more developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently than under generally accepted international accounting standards, all of which may affect the valuation of the underlying.

All of the above factors may have a material adverse effect on the value of the respective Securities.

INFORMATION ABOUT THE ISSUER

Registration Document

The required information about The Royal Bank of Scotland plc acting either through its principal office in Edinburgh, Scotland or through its London office or any other office, as specified in the Final Terms, as issuer of the Securities (the "**Issuer**") is contained in the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the "**Registration Document**") which was approved by the competent authority in the United Kingdom (*Financial Services Authority*; the "**FSA**") and which is incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document) (see section "Documents Incorporated by Reference").

The information contained in the Registration Document shall be updated by the following sub-sections "Assets, owners' equity and capital ratios" and "Proposed Dutch Scheme".

Assets, owners' equity and capital ratios

The Royal Bank of Scotland Group plc together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Group**") had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The Issuer together with its subsidiaries consolidated in accordance with International Financial Reporting Standards (the "**Issuer Group**") had total assets of £1,433 billion and owners' equity of £62 billion as at 31 December 2011. As at 31 December 2011, the Issuer Group's capital ratios were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Proposed Dutch Scheme

On 26 March 2012, RBSG and the Issuer announced that (1) The Royal Bank of Scotland N.V. as the demerging company ("**RBS N.V.**") and RBS II B.V. as the acquiring company had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, the Issuer and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into the Issuer (together with the proposal for the legal demerger, the "**Proposed Dutch Scheme**"). Upon implementation of the Proposed Dutch Scheme, a substantial

part of the business conducted by RBS N.V. in The Netherlands as well as in certain branches of RBS N.V. located in a number of countries in Europe will be transferred to the Issuer (the "**Transferring Businesses**"). The Proposed Dutch Scheme will be implemented by the demerger of the Transferring Businesses into RBS II B.V. by way of a Dutch statutory demerger (the "**Demerger**"), followed by the merger of RBS II B.V. into the Issuer through a cross-border merger (the "**Merger**"). RBS II B.V. is a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Proposed Dutch Scheme. The Issuer and RBS N.V. have discussed the Proposed Dutch Scheme in detail with the Dutch Central Bank (*De Nederlandsche Bank*) and the FSA. Implementation of the Proposed Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Proposed Dutch Scheme will take effect on 9 July 2012.

Additional information about the Issuer

In addition, the following English language documents are incorporated into this Base Prospectus by reference pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference"):

(a) The following sections of the Annual Report and Accounts 2010 of RBSG for the year ended 31 December 2010 (the "**Relevant Sections of the Annual Report 2010 of RBSG**") which were published on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 10 to 19;
- (xiv) Divisional review on pages 20 to 41;

- (xv) Business review on pages 50 to 224 (excluding the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being "pro forma");
- (xvi) Report of the directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439;

b) the Annual Report and Accounts 2010 of the Issuer (the "**Annual Report 2010 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) which were published on 15 April 2011;

c) the following sections of the Annual Report and Accounts 2011 of RBSG for the year ended 31 December 2011 (the "**Relevant Sections of the Annual Report 2011 of RBSG**") which were published on 9 March 2012:

- (i) Independent auditors' report on page 306;
- (ii) Consolidated income statement on page 307;
- (iii) Consolidated statement of comprehensive income on page 308;
- (iv) Consolidated balance sheet at 31 December 2011 on page 309;
- (v) Consolidated statements of changes in equity on pages 310 to 312;
- (vi) Consolidated cash flow statement on page 313;
- (vii) Accounting policies on pages 314 to 326;
- (viii) Notes on the consolidated accounts on pages 327 to 419;

- (ix) Parent company financial statements and notes on pages 420 to 431;
- (x) Essential reading Highlights on page 1;
- (xi) Chairman's statement on page 9;
- (xii) Group Chief Executive's review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 272 to 273;
- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

d) the Annual Report and Accounts 2011 of the Issuer (the "**Annual Report 2011 of the Issuer**") (including (i) the audited consolidated annual financial statements of the Issuer and (ii) the non-consolidated balance sheet of the Issuer, in each case together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) which were published on 26 March 2012;

e) the press release "Divisional Reorganisation and Group Reporting Changes (effective 1 January 2012)" (the "**Press Release dated 1 May 2012**") which was published by RBSG on 1 May 2012; and

(f) the unaudited Interim Management Statement Q1 2012 of RBSG (the "**Unaudited Interim Statement of RBSG**") for the first quarter ended 31 March 2012 (excluding the last sentence on page 5 of the Unaudited Interim Statement of RBSG) which was published on 4 May 2012.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

Unless provided otherwise in any supplement to this Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG, the information contained in the Registration Document and this Base Prospectus is the most recent information available about the Issuer.

Significant changes

There has been no significant change in the financial position of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Issuer Group has been published).

There has been no material adverse change in the prospects of the Issuer and the Issuer Group taken as a whole since 31 December 2011 (the date of the last published audited financial statements of the Issuer Group).

Publication of information subsequent to the issue of Securities

The Issuer does not intend to make available any further information subsequent to any issue of Securities other than information which needs to be published in the form of a supplement in accordance with Section 16 WpPG.

PERSONS RESPONSIBLE

The Royal Bank of Scotland plc, with registered office at 36 St Andrew Square, Edinburgh, EH2 2YB, Scotland and principal office at RBS Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ, Scotland, is responsible for the information given in this Base Prospectus and further declares that, to the best of its knowledge, the information contained in this Base Prospectus is correct and omits no significant factors.

IMPORTANT NOTICE

This Base Prospectus does not, either on its own or in conjunction with the Registration Document or any Supplements, constitute an offer to purchase or a solicitation to make an offer or to subscribe Securities, nor shall it be deemed a recommendation by the Issuer to subscribe or purchase any Security.

The distribution of this Base Prospectus or any other documents in connection with the LaunchPAD Programme as well as the issue, offer, listing, sale or delivery of the Securities by the Issuer must under no circumstances be construed as indicating that the financial condition of the Issuer or the Issuer Group as described herein has remained unchanged since the date of this Base Prospectus. In accordance with Section 16(1) WpPG, every significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Securities and which arises or is noted between the time when this Base Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, will be mentioned in a Supplement to this Base Prospectus.

No person shall be authorised to give any information or make any representations in relation to the Issuer or the Issuer Group other than those contained in this Base Prospectus. In the event that any such information is given or any such representations are made, they must not be deemed approved by the Issuer or the Issuer Group.

The distribution of this Base Prospectus as well as the offer, sale or delivery of the Securities may be prohibited by law in certain jurisdictions outside the Federal Republic of Germany. The Issuer hereby requests persons coming into possession of this Base Prospectus to familiarise themselves with and observe such restrictions. For a description of certain restrictions on the distribution of this Base Prospectus and the offering material relating to the Securities as well as the offer, sale and delivery thereof, see "*Selling Restrictions*".

TAXATION

Potential purchasers of the Warrants who are in any doubt about their tax position on acquisition, ownership, transfer, exercise or expiry of any Warrant should consult their professional tax advisers.

1. GENERAL

Purchasers of the Warrants may be required to pay stamp taxes and/or other charges in accordance with the laws and practices of the country of purchase in addition to the issue or purchase price of the Warrants.

The Issuer assumes neither any liability nor any obligation to pay any taxes, duties or other payments which may arise as a result of the ownership, transfer, exercise or expiry of the Warrants. Investors are advised that, under the terms of the Warrants, any such taxes levied will not be reimbursed by the Issuer.

2. UNITED KINGDOM

The following applies only to persons who are beneficial owners of the Securities and is a summary of the Issuer's understanding of the current law and HM Revenue & Customs ("**HMRC**") practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules apply. The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

2.1 Withholding Tax

Payments by the Issuer are likely to be regarded as having a United Kingdom source. However payments made in respect of such Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as either interest or annual payments for United Kingdom tax purposes.

Even if such payments by the Issuer were to be regarded as interest or annual payments for United Kingdom tax purposes, the Issuer should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the Securities are derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (which broadly they should be provided that they are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided the Issuer qualifies as a bank within the meaning of section 991 of the Income Tax Act 2007 (the "ITA 2007") on the date of such payments, such payments may be made without withholding or deduction for or on account of United Kingdom income tax where such payments are made in the ordinary course of the Issuer's business within the meaning of section 878 of the ITA 2007; this would include all payments by the Issuer except where there is an intention to avoid United Kingdom tax.

Payments on the Securities may also be made by the Issuer without deduction of or withholding for or on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. Securities should satisfy this requirement if they are: (i) admitted to trading on a "recognised stock exchange"; and (ii) officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided therefore, that the Securities are listed on a recognised stock exchange for these purposes, payments on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not such payments are made in the ordinary course of its business.

Payments on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax where at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on these Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment at the time the payment is made) that the payments should be made under deduction of tax.

Payments on the Securities may also be made without withholding or deduction for or on account of United Kingdom tax where the maturity of these Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer on the Securities on account of United Kingdom income tax at the basic rate (currently 20%) if such payments were to be regarded as interest for United Kingdom tax purposes. Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HMRC can issue a notice to the Issuer to pay interest to the Securityholder without deduction of tax (or with tax deducted at the rate provided for in the relevant double tax treaty).

2.2 UK Information Gathering Powers

Securityholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits amounts to or receives amounts treated as interest for the benefit

of a Securityholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2013. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

2.3 Stamp Taxes

For the purposes of the following paragraphs, "**Exempt Loan Capital**" means any security which constitutes loan capital for the purposes of section 78 Finance Act 1986 ("**Loan Capital**") and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) subject to certain exceptions has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Securities.

In relation to Securities in bearer form which are denominated in sterling and are not Loan Capital, a charge to stamp duty at 1.5 per cent of the value of such Securities may arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Securities if issued outside the United Kingdom. However, in relation to Securities of that kind originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent of the value of such Security will arise.

A Security or any instrument granting a Security (each an instrument) may be subject to United Kingdom stamp duty if it is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom.

Other than as described above, no United Kingdom stamp duty should be required to be paid on transfers of the Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring the Securities on sale may be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities unless the Securities comprise Exempt Loan Capital.

Stamp duty reserve tax at a rate of 1.5 per cent may be payable on the issue or transfer of a Security to a clearing system or depository receipt issuer where the Security comprises an interest in, or to

dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares (which are not "newly subscribed shares" as defined in section 99(12) of the Finance Act 1988) issued by a body corporate incorporated in the United Kingdom.

Were the analysis in the above paragraph not to apply to a transfer of such a Security, stamp duty reserve tax at a rate of 1.5 per cent may be payable on such a transfer in circumstances other than those described in the paragraph above if such Security is not Exempt Loan Capital.

Stamp duty reserve tax should generally not be payable in relation to an agreement to transfer or transfer of a Security within a clearance service provided that no election under section 97A of the Finance Act 1986 applies in respect of that Security.

Stamp duty reserve tax may be payable on a transfer of a Security in circumstances other than those described in the paragraphs above, if the Security does not comprise Exempt Loan Capital.

Stamp duty and stamp duty reserve tax may also be payable on the transfer of an asset on physical settlement of the Securities.

3. FEDERAL REPUBLIC OF GERMANY

The following summary of the tax implications of an investment in the Warrants is based upon the applicable provisions of German tax law and their interpretation by fiscal authorities and fiscal courts as at the date of this Base Prospectus. **The tax implications might change as a result of amendments to such applicable law, its interpretation or, as the case may be, of the administrative practices of fiscal authorities – under certain circumstances even with retroactive effect.**

This summary reflects the view held by the Issuer with respect to the tax implications of an investment in the Warrants. However, it is not a guarantee regarding the tax consequences of the purchase, sale, exercise, or worthless expiry of the Warrants. Furthermore, this summary is not adequate to serve as the sole basis for an evaluation of the tax implications of an investment in the Warrants since in any case the investor's individual circumstances must be taken into account. As a consequence thereof, this summary is limited to a general overview over certain income tax implications in Germany. **Investors are strongly advised to consult their personal tax adviser about the tax implications of an investment in the Warrants.**

The following paragraphs refer only to the taxation of individuals who have their domicile or their permanent residence in Germany and who hold the Warrants as private assets (*Privatvermögen*). If the Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany, income from the Securities is not subject to the 26.375% discharging flat rate tax but is subject to personal income tax at graduated rates or corporate income tax (each plus solidary surcharge thereon and for individuals eventually church tax).

In the specific case of an individual who is tax resident in Germany and who holds the Securities as private assets, the following applies:

If the investor realises capital gains upon the sale of the Warrants or upon their exercise (if a cash payment is made to the investor upon exercise) such capital gains are subject to a withholding tax ("*Kapitalertragsteuer*") at a rate of 26.375 % (including the solidarity surcharge) plus a church tax, if applicable, provided that a domestic (i.e. German) branch of a domestic or of a foreign credit or financial services institution, a domestic securities trading bank or a domestic securities trading company (each a "**Domestic Paying Agent**") has kept the Warrants in a securities custody account since their acquisition and disburses or credits the capital gains. The capital gains are generally determined as the difference between the proceeds from the disposal or exercise of the Warrants and the acquisition costs. As a general rule, the deduction of withholding taxes by these Domestic Paying Agents has a discharging effect regarding the income tax liability of the investor on such capital gains ("*Abgeltungsteuer*", i.e. a discharging flat rate tax). Deviating withholding rules may apply if the Warrants were sold or exercised after being transferred from a securities deposit account with a foreign bank or a foreign branch of a domestic credit or financial service institution, unless the investor provides evidence for the investor's actual acquisition costs to the Domestic Paying Agent. Such evidence is only permissible if the foreign bank is resident within the EU, European Economic Area or a contracting state of the EU directive on the taxation of savings income (2003/48/EC).

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of EUR 801 per year (EUR 1,602 for married couples filing their tax return jointly). The tax allowance is taken into account for purposes of the withholding tax provided that the investor files a withholding tax exemption request with the respective bank or financial institution where the securities deposit account to which the Warrants are allocated is held. The deduction of related expenses for tax purposes is not possible.

If no or not sufficient withholding tax is deducted from the capital gains of the investor, these gains will have to be declared in the income tax assessment and are then as a general rule subject to the above mentioned flat income tax rate of 26.375 %, plus church tax, if applicable. The investor may also opt for assessment of its investment income in certain other situations (e.g. if its total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 %).

As a general rule, any losses realised upon the sale or exercise of the Warrants can be offset against other income from capital investments. If no sufficient income from other capital investments is available in the assessment period in which the loss is realised, the loss can be carried forward and reduces income from capital investments which the investor realises in the following years. However, the loss cannot be carried back into the preceding assessment periods. According to the view of the tax administration, losses realised upon a worthless expiry of the Warrants are irrelevant for income tax purposes.

Provided no cash payment is made upon exercise of the Warrants but shares are delivered to the investor, such exercise may – depending on the final terms of the Warrants – not constitute a taxable event. In this case, only the sale of the shares received generally triggers the tax consequences described above. The capital gain or loss resulting from the sale of the shares is to be calculated as a

difference between the sales price of the shares and their acquisition costs which comprise the acquisition costs of the Warrants and the exercise price to be paid by the investor upon exercise of the Warrants. Any losses resulting from the sale of the shares can only be offset against capital gains from the sale of shares and not with income from other capital investments.

4. AUSTRIA

Investors should be aware that this overview cannot be used as a substitute for individual tax advice and is not intended to be definitive. There can be no guarantee that the Austrian tax authorities will adopt the same interpretation of the matters set out below as the Issuer and due to changes in the settled practice of Austrian tax authorities or Austrian case law, the tax treatment of alternative investments may, even retroactively, vary and lead to different results than those set out herein. There is no specific Austrian case law or other binding legal guideline available on the tax treatment of the Securities.

4.1 Tax Treatment of Austrian Tax Resident Investors

(a) Private investors

Qualification of the Securities as warrants

According to the view of the Austrian Federal Ministry of Finance (*Bundesministerium für Finanzen* ("**BMF**")), the securitisation of an option right does not result in an option to be qualified as a bond for Austrian tax purposes. Therefore, income from warrants is not qualified as income from investment pursuant to § 27(2)(2) and (5) of the Austrian Income Tax Act (*Einkommensteuergesetz* ("**EStG**"), but may be taxable pursuant to § 30 EStG. Such income is not subject to withholding tax in Austria (BMF, Income Tax Guidelines 2000 (*Einkommensteuerrichtlinien 2000* ("**EStR 2000**")) para 7757c).

If the option right under a warrant is, in any case, exercised by way of cash settlement, the income received by a private individual investor is subject to Austrian income tax at the general rates of up to 50 per cent as income from so-called speculative transactions pursuant to § 30(1)(2) EStG (ie. from contracts for differences). If the warrant, at the time of its purchase, may also be settled physically, the income is only considered as income from speculative transactions pursuant to § 30(1)(2) EStG (ie. from options), if the option right is exercised within one year after the acquisition of the warrant. Income from speculative transactions is not taxable if the entire income from speculative transactions of a calendar year does not exceed an amount of EUR 440. The differentiation among speculative transactions (ie. between income from contracts for differences and income from options) is, however, not clearly cut. Partially the intention of the investor at the moment of the acquisition of the warrant is considered relevant.

If the option right under a physically settled call warrant is exercised, the investor (holder of the warrant) acquires the underlying at the strike (plus expenses). The BMF takes the view that the exercise of such an option does not lead to a realisation event for the investor. For

Austrian tax purposes, the acquisition and the exercise of the warrant are treated together as the acquisition of the underlying. The underlying is acquired at the agreed strike or the cost and other taxable advantages relating to the grant of the option are additional acquisition cost (BMF, EStR 2000 para 6659a).

Qualification of the Securities as index or similarly structured products

Depending on the specific structure of a Security, it cannot be excluded that the Security may be treated as an index or similarly structured product for Austrian tax purposes. In this case the tax treatment of an investor resident for tax purposes in Austria would be as follows:

Pursuant to § 124b(85) EStG, income received from index securities and similarly structured products that are issued on or after 1 March 2004 is qualified as investment income (§ 27 EStG) for Austrian income tax purposes. According to the BMF, § 124b(85) EStG may as well be applied to securities under which the investor has a right for repayment of the investment and the amount of such repayment depends on the performance of single equities or commodities which, at their entirety, do not amount to an index (BMF, EStR 2000 para 6198a).

Any difference between the issue price and the repurchase price of the security due to the development of the reference underlying is treated as interest (§ 27(2)(2) EStG) for Austrian income tax purposes. Equally, any positive difference due to the development of the underlying that is realised upon the sale of a security is treated as investment income.

Interest received by an investor resident in Austria for tax purposes is subject to Austrian income tax. In case of a private investor, income tax is levied at the time the interest is received, i.e. according to the settled practice of Austrian tax authorities upon the redemption or the sale of the Securities with respect to any difference amount realised upon redemption or sale. A private investor is not taxed on the increase in value of the security due to the positive development of the underlying or the price of the security at the stock exchange prior to redemption or sale.

If a security within the meaning of § 93(3)(1) EStG (*Forderungswertpapier*; i.e., a security that securitises a claim in a way that the right under the security follows the right to the security) is held by a private investor resident in Austria for tax purposes and interest is paid by an Austrian coupon-paying agent within the meaning of § 95(3)(2) EStG (generally the Austrian depository), withholding tax at a rate of 25 per cent is triggered. For a private individual investor such withholding tax is final provided that the security is both legally and actually publicly offered. If such an investor's applicable average income tax rate is below 25 per cent, the investor may file an income tax return including the interest income and apply for assessment of his income tax liability based on his income tax return. In the absence of an Austrian coupon-paying agent the investor must file an income tax return and include the interest received. Income tax will be levied at a special rate of 25 per cent (§ 37(8) EStG; BMF, EStR 2000 para 7377a). A deduction of expenses that are directly economically

connected to the securities, if the income received thereunder is subject to flat and final withholding tax or to the special income tax rate of 25 per cent, is not available.

Income from the sale of index or similarly structured products resulting from price increases occurring below the issue price is subject to income tax (regular rates of up to 50 per cent) only if the sale occurs within one year after the acquisition (so called speculative transaction; § 30(1) EStG) and the aggregate amount of income from speculative transactions in the calendar year exceeds EUR 440. As regards securities that are acquired after 30 September 2011 and before 1 April 2012, pursuant to § 124b Z 184 EStG every sale or other settlement is treated as a speculative transaction (§ 30(1) EStG). Income from a sale or other settlement after 31 March 2012 is subject to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG as amended by the *Budgetbegleitgesetz 2011* ("**BBG 2011**", BGBl I 111/2010; see below).

*Securities acquired after 31 March 2012 and new rules applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/Abgabenänderungsgesetz 2011 ("**AbgÄG 2011**", BGBl I 76/2011)/Budgetbegleitgesetz 2012 ("**BBG 2012**", BGBl I 112/2011))*

Pursuant to § 27(4) EStG, the difference payment, the premium, the capital gain and the income from another form of settlement of forward transactions (*Termingeschäfte*, e.g. options) and other derivative financial instruments (e.g. index certificates) are income from investment in the form of income from derivatives. Other derivative financial instruments within the present context are derivative financial instruments irrespective of whether the underlying consists of financial assets, commodities or other assets, so that all types of certificates are covered. Consequently, in case of certificates the difference between the acquisition cost and the sales price, settlement amount or redemption amount is income from derivatives that is subject to income tax. The actual exercise of an option or the actual delivery of the underlying, however, is not a taxable event.

Income from investment derived from securities that securitise a receivable and are legally and actually publicly offered are subject to income tax at the special rate of 25 per cent pursuant to § 27a(1) EStG. With respect to income from derivatives (§ 27(4) EStG), income tax is levied by way of final withholding tax (such income does not have to be included in the income tax return, except in case of an exercise of the option for taxation at regular income tax rates or the option for setting-off of losses) in case of an Austrian depository or, in its absence, an Austrian paying agent, which has executed the transaction in connection with the depository and is involved in the transaction. An Austrian depository or paying agent may be credit institutions, Austrian branches of non-Austrian credit institutions or Austrian branches of certain investment services providers (§ 95(2)(2) EStG in connection with § 97(1) EStG). In the absence of an Austrian depository or paying agent, the income has to be included in the income tax return and is subject to income tax at the special rate of 25 per cent.

The investor may file an income tax return and apply for assessment of his income tax liability based on his income tax return (§ 27a(5) EStG). Subject to certain restrictions a set-off (but

no carry forward) of losses is available among income from investment. For such setting-off of losses, generally the investor must opt for assessment to income tax (option for setting-off of losses; § 97(2) EStG in connection with § 27(8) EStG). In case of an Austrian depository, the setting-off of losses has to be effected by the depository (§ 93 Abs 6 EStG). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to the special income tax rate of 25 per cent pursuant to § 27(1) EStG, is not available (§ 20(2) EStG).

(b) Business investors

Qualification of the Securities as warrants

Income from a warrant that is held as a business asset constitutes business income.

If the option right under a cash settled warrant is exercised, the income is subject to income tax at the general rates of up to 50 per cent in case of an individual as a business investor and corporate income tax at the rate of 25 per cent in case of a corporate investor.

If the option right under a physically settled call warrant is exercised, the underlying is acquired at the agreed strike and the cost or other taxable advantages relating to the grant of the option are treated as additional acquisition cost (see above under Private Investors).

Qualification of the Securities as index or similarly structured products

Income from a security held as a business asset constitutes business income.

A corporation subject to unlimited corporate income tax liability in Austria receiving such income will be subject to Austrian corporate income tax at a rate of 25 per cent.

Flat and final withholding tax at a rate of 25 per cent is triggered if the security is held by an individual investor resident for tax purposes in Austria and the interest is paid by an Austrian coupon-paying agent. In the absence of an Austrian coupon-paying agent, income tax at a special flat rate of 25 per cent will be due. A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to flat and final withholding tax or to the special income tax rate of 25 per cent, is not available.

Income from the sale of index or similarly structured products resulting from price increases occurring below the issue price are subject to corporate income tax at a rate of 25 per cent in case of a corporation as investor and income tax at the regular rates of up to 50 per cent in case of an individual as investor irrespective of any holding periods.

Securities acquired after 31 March 2012 and new rules applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/AbgÄG 2011/BBG 2012)

In case of a corporation, the current regime of taxation applies.

If the securities are held by an individual, income from investment is subject to income tax at the special rate of 25 per cent which is levied by way of withholding in case of an Austrian depository or paying agent (§ 27a(6) EStG). However, in case of an individual holding the

securities as business assets, pursuant to § 97(1) EStG the withholding tax on income from derivatives (§ 27(4) EStG) is not final (i.e., the income must be included in the income tax return). A set-off (and a carry forward) of losses is available under certain rules (§ 6(2)(c) EStG). A deduction of expenses that are directly economically connected to the securities, if the income received thereunder is subject to the special income tax rate of 25 per cent pursuant to § 27a(1) EStG, is not available.

(c) Risk of a Qualification as Units in a Non-Austrian Investment Fund

According to Austrian tax authorities, the provisions for non-Austrian investment funds within the meaning of § 42(1) of the Austrian Investment Fund Act (*Investmentfondsgesetz* ("**InvFG**")) (as of 1 April 2012: § 188 of the Austrian Investment Fund Act 2011 (*Investmentfondsgesetz 2011* ("**InvFG 2011**"))) may equally apply if the repayment of the invested amount exclusively depends on the performance of certain securities (index) and either the issuer, a trustee or a direct or indirect subsidiary of the issuer actually acquires the majority of the securities comprised by the index for the purposes of issuing the securities or the assets comprised by the index are actively managed. However, directly held notes the performance of which depends on an index, irrespective of whether the index is a recognised index or an individually composed fixed or at any time modifiable index are not treated as units in a non-Austrian investment fund (BMF, Investment Fund Guidelines 2008 (*Investmentfondsrichtlinien 2008* ("**InvFR 2008**")) para 267). The risk of the qualification of a Security as unit in a non-Austrian investment fund must be assessed on a case-by-case basis.

4.2 Tax Treatment of non-Austrian Tax Resident Investors

(a) Austrian Income Tax Liability

Qualification of the Securities as warrants

Pursuant to § 98(1)(7) EStG non residents for tax purposes are subject to Austrian income tax with respect to income from speculative transactions only if the speculative transaction relates to Austrian real estate or Austrian rights that are governed by the civil law provisions applicable to real estate. Accordingly, in case of investors who are not resident for tax purposes in Austria, and provided that the warrants are not attributable to an Austrian permanent establishment of the non-resident investor, income from the exercise of a cash settled warrant (income from speculative transactions pursuant to § 30 EStG) should not be subject to income tax in Austria.

Qualification of the Securities as index or similarly structured products

Pursuant to § 98(1)(5) EStG, interest (or an amount treated as interest) received under securities (that are not held in an Austrian permanent establishment) by an investor not resident for tax purposes in Austria is basically not subject to Austrian income tax. If such amounts are paid by an Austrian coupon-paying agent, 25 per cent withholding tax is

triggered, unless the non-Austrian tax resident individual investor proves his non-resident status for tax purposes to the Austrian coupon-paying agent by presenting an official picture identification card and provides his address. In addition, Austrian citizens or citizens of an Austrian neighbouring state have to provide a written declaration that they neither have a domicile nor their habitual place of abode in Austria. Further, the securities under which the amount is paid must be deposited with an Austrian bank (BMF, EStR 2000 paras 7775 et seq). If the investor is not an individual, the coupon-paying agent is discharged from its withholding obligation if the investor proves his non-resident status for tax purposes through presentation of an identification card of an individual acting on behalf of the corporation, the security is deposited with an Austrian credit institution and written evidence is provided by a declaration of the non-Austrian corporation and the individual acting on behalf the corporation that the non-Austrian corporation is the beneficial owner of the securities (BMF, Corporate Income Tax Guidelines 2001 (*Körperschaftsteuerrichtlinien 2001* ("KStR 2001"))) paras 1463 et seq and EStR 2000 paras 7779 et seq). Pursuant to § 98(1)(7) EStG investors who are not resident for tax purposes in Austria are generally not subject to income tax or, in case of a corporation, corporate income tax with respect to income from speculative transactions with securities (that are not held in an Austrian permanent establishment).

Securities acquired after 31 March 2012 and new provisions applicable as of 1 April 2012 (referring to the EStG as amended by the BBG 2011/AbgÄG 2011/BBG 2012)

Pursuant to § 98(1)(5) EStG, income from derivatives (§ 27(4) EStG) (that are not held in an Austrian permanent establishment) received by an investor who is not resident for tax purposes in Austria is basically not subject to Austrian income tax, or, in case of a corporation that is not resident for tax purposes in Austria, Austrian corporate income tax. § 94(13) EStG provides for an exemption from withholding tax with respect to income that is not subject to (limited) income tax in Austria pursuant to § 98(1)(5) EStG (the documentation requirements pursuant to EStR 2000 paras 7775 et seq, presumably, will remain to be considered).

(b) Austrian EU Source Tax Liability

Directive 2003/48/EC of 3 June 2003 was implemented into Austrian domestic law by the enactment of the Austrian EU Source Tax Act (*EU-Quellensteuergesetz* ("EU-QuStG")). Accordingly, interest paid by an Austrian coupon-paying agent to an individual beneficial owner resident in another EU member state may be subject to EU source tax at a rate of currently 35 per cent. Whether payments under the Securities are subject to EU source tax must be determined on a case-by-case basis.

5. EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), EU member states, subject to the following exceptions, are required to provide to the tax authorities of another EU member state details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other EU member state or to

certain limited types of entities established in that other EU member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential investors in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any Clearing Agent at the time of exercise and/or settlement.

1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required other than the approval of the Base Prospectus by the BaFin and a notification to the countries set forth in the Final Terms under "Public offer". No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer other than the approval and notification(s) mentioned above.

2. EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Securities may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), be offered to the public in that Relevant Member State only if the following conditions as well as any additional provisions applicable in a Relevant Member State are complied with:

- (a) the offer of the Securities to the public starts or occurs within a period of 12 months beginning on the date after the publication of this Base Prospectus approved by the BaFin and, if the Securities are offered to the public in any Relevant Member State other than Germany, this Base Prospectus as well as any Supplements have been notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive; or
- (b) the Securities are offered to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (c) the Securities are offered to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) the Securities are offered to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR

43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or

- (e) the Securities are offered in any other circumstances fulfilling any of the exemptions set forth in Article 3(2) of the Prospectus Directive,

provided that no offer of Securities referred to in (b) to (e) shall require the Issuer to publish a prospectus or a supplement to this Base Prospectus pursuant to the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

3. UNITED STATES OF AMERICA

The Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the "**Securities Act**") and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922.

The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms used in this paragraph have the meanings given to them in Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Securities at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers participating in the distribution of the Securities not to offer, sell, deliver or trade at any time, directly or indirectly, any Securities in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Securities at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph, "**United States**" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "**U.S. person**" means:

- (a) any person who is a U.S. person as defined in Regulation S under the Securities Act;

- (b) any person or entity other than one of the following:
- (1) a natural person who is not a resident of the United States;
 - (2) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
 - (3) an estate or trust, the income of which is not subject to United States income tax regardless of source;
 - (4) an entity organised principally for passive investment such as a pool, an investment company or similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
 - (5) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

4. UNITED KINGDOM

The Issuer represents, warrants and agrees that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Authorisation

The establishment of the Base Prospectus and the issue of the Securities has been duly authorised by (i) resolutions of the Issuer's board of directors dated 18 November 2009 and 15 December 2009 and (ii) resolutions of the Group Asset and Liability Management Committee dated 8 February 2010 and a sub-committee of the Group Asset and Liability Management Committee dated 11 June 2012.

Listing

Whether or not a tranche of Securities will be listed on one or more stock exchange(s) or unofficial market(s), e.g. the Freiverkehr of a German stock exchange, or not at all, will be set forth in the Final Terms.

Following notification of the approval of this Base Prospectus in accordance with Section 18(1) WpPG, the Securities may be admitted to trading in the regulated markets or included in the unofficial market segments of, and/or listed on, the stock exchanges of several EEA States and/or offered to the public within the EEA States which have been notified.

Increases

The (i) "General Conditions" and (ii) "Product Conditions" set forth in the base prospectus relating to Warrants dated 24 June 2011 of The Royal Bank of Scotland plc (the "**Base Prospectus 2011**") ((i) and (ii) together, the "**Conditions 2011**"), are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG (see section "Documents Incorporated by Reference").

In the case of an increase of Securities having been offered on the basis of the Base Prospectus 2011, in each case as supplemented, the Conditions 2011 shall apply.

Available Documents

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of the following documents will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com, and from the office of each Paying Agent as specified in the Final Terms. In addition, copies of the documents set forth hereinafter under (a) and (d)-(e) will be available via the Issuer's website as specified in the Final Terms:

- (a) the Registration Document;
- (b) the Annual Report 2011 of the Issuer;
- (c) the Annual Report 2010 of the Issuer;

- (d) this Base Prospectus and any Supplements; and
- (e) any Final Terms, provided, however, that any Final Terms relating to Securities that are neither admitted to trading in an regulated market within the European Economic Area nor offered within the European Economic Area in circumstances requiring publication of a prospectus under the Prospectus Directive will be made available exclusively to Securityholders who have submitted proof to the Issuer or the Principal Paying Agent, which proof must be satisfactory for the Issuer or the Principal Paying Agent, as the case may be, of their Securities holdings and their identity.

Investors are recommended to read all available documents prior to a purchase of the Securities.

Notices with regard to the Securities

All notices under the General Conditions and/or the Product Conditions shall either (i) be published on the Issuer's website (or any successor website) and shall become effective upon such publication, or (ii) be delivered to the Clearing Agent and shall become effective upon such delivery, unless the relevant notice provides a different date for the effectiveness. The Final Terms will specify which manner of giving notice shall apply. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

Scale-back and Cancellation

The Issuer reserves the right, prior to the issue date, in its absolute discretion to:

- (a) decline in whole or in part an application for Securities such that a potential purchaser for Securities may, in certain circumstances, not be issued the number of (or any) Securities for which it has applied ("**Scale-back**"); or
- (b) withdraw, cancel or modify the offer of the Securities ("**Cancellation**").

The Issuer may Scale-back or Cancel the Securities without notice and will notify potential purchasers of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Securities are not issued, no subscription monies shall be payable by potential purchasers to the Issuer (either directly or indirectly through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a "**Selling Agent**")) with respect to the Securities. Potential purchasers should contact their Selling Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between potential purchasers and their respective Selling Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

Clearing Agents

The Securities may be accepted for clearance through Clearstream Banking AG, Frankfurt ("**CBF**"), Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank S.A./N.V. as

operator of the Euroclear system ("**Euroclear**") and/or any other or further Clearing Agent(s) as specified in the Final Terms. If applicable, the relevant Securities Identification Code (WKN), the International Securities Identification Number (ISIN) as well as the Common Code allocated to the individual tranche of Securities as well as any other relevant securities identification code allocated to any tranche of Securities by any Clearing Agent will be specified in the Final Terms. If the Securities are to be cleared through an additional or alternative Clearing Agent, the required additional or alternative information will be specified in the Final Terms. Transactions will normally be settled not earlier than three days after the date of the transaction.

The addresses of CBF, CBL and Euroclear are as set forth below:

- Clearstream Banking AG, Frankfurt, Mergenthalerallee 61, 65760 Eschborn, Germany;
- Clearstream Banking, société anonyme, Luxembourg, 42 avenue J.F. Kennedy, L-1855 Luxembourg; and
- Euroclear Bank S.A./N.V., 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium.

Other Information

Notification:	The German Federal Financial Supervisory Authority has provided the [●] with a notification of approval relating to the Base Prospectus and attesting that the Base Prospectus has been drawn up in accordance with the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>).
Issue Date:	[●]
Initial Issue Price:	[●] ¹
Securities Identification Codes:	[●][If fungible with an existing tranche of Securities, details of that tranche, including the date on which the Securities become fungible.]
[Listing and Admission to Trading:	[●]]
[Inclusion in an Unofficial Market:	[●]]
[Market Making:	[●]]
Offer:	[Public offer Commencement: [●] [Ending: [●]. The offer period may be extended or shortened.] Country/Countries: [●] [Non-public offer]
[Subscription Period:	[●]]
[Categories of Potential Investors:	[●]]
[Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:	[●]]
Total Amount of the Offer:	[●][If the total amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.]
[Minimum Subscription Amount or Number:	[●]]
[Maximum Subscription Amount or Number:	[●]]
[Method and Time Limits for Paying Up the Securities and for their Delivery:	[●]]
[Interests of Natural and Legal Persons Involved in the Issue/Offer:	[Save for the Issuer, no person involved in the issue or offer of the Securities has a material interest in the issue or the offer.][●]]

¹ Agio needs to be specified if applicable. If Issue Price is not specified, the criteria and/or conditions in accordance with which the Issue Price will be determined need to be disclosed.

Details of where Information on the Underlying can be Obtained:

[•]²

[The information included herein with respect to the underlying by reference to which payments or, if applicable, delivery under the Securities are determined (the "**Underlying**") consists of extracts from, or summaries of, [publicly available] information [by •]. The Issuer accepts responsibility that such information has been correctly reproduced. As far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted that would lead to the information reproduced herein becoming inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, the Issuer accepts no responsibility with respect to the accuracy or completeness of the information set forth herein concerning the Underlying of the Securities or that there has not occurred any event which would affect the accuracy or completeness of such information.][•]

[Additional Risk Factors:

[•]³

[Additional Tax Disclosure:

[•]

[Additional Selling Restrictions:

[•]

[Further Information:

[•]⁴

² Include details of where information about the past and future performance and volatility of the Underlying can be obtained. Where the Underlying is an index include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer include details of where the information about the index can be obtained. Where the Underlying is not an index include equivalent information.

³ The Final Terms may contain additional risk factors to reflect the specific structure applicable to a specific tranche of Securities.

⁴ Information in relation to a specific tranche of Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into this Base Prospectus pursuant to Section 11(1) WpPG:

- (a) the Registration Document (excluding the sub-section "Assets, owners' equity and capital ratios" on page 26 of the Registration Document, the sub-section "No Significant Change and No Material Adverse Change" on page 63 of the Registration Document and items (a) to (f) in the section "Documents Incorporated by Reference" on pages 67 to 69 of the Registration Document) (incorporated on page 66 of this Base Prospectus);
- (b) the Relevant Sections of the Annual Report 2010 of RBSG (incorporated on page 67 of this Base Prospectus);
- (c) the Annual Report 2010 of the Issuer (excluding the sections "Financial Review" on page 5 and "Additional Information — Risk factors" on pages 238 to 254) (incorporated on page 68 of this Base Prospectus);
- (d) the Relevant Sections of the Annual Report 2011 of RBSG (incorporated on page 68 of this Base Prospectus);
- (e) the Annual Report 2011 of the Issuer (excluding the sections "Financial review – Risk factors" on page 6 and "Risk factors" on pages 283 to 296) (incorporated on page 69 of this Base Prospectus);
- (f) the Press Release dated 1 May 2012 (incorporated on page 69 of this Base Prospectus);
- (g) the Unaudited Interim Statement of RBSG (excluding the last sentence on page 5 of the Unaudited Interim Statement of RBSG) (incorporated on page 69 of this Base Prospectus);
and
- (h) the Conditions 2011 (incorporated on page 88 of this Base Prospectus).

The documents referred to in (a)-(g) were filed with the FSA. The document referred to in (h) was filed with the BaFin.

During the validity of this Base Prospectus and as long as any Securities issued in connection with this Base Prospectus are listed on any stock exchange or offered to the public, copies of documents referred to in (a)-(h) will be available free of charge upon request from The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone: +44 207 672 1758, email: investor.relations@rbs.com.

To the extent that information is incorporated into this Base Prospectus by making reference only to certain parts of a document, the non-incorporated parts are not relevant for investors in the Securities.

CONDITIONS: GENERAL CONDITIONS

The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]⁵.

1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

2. FORM AND STATUS

- (a) Form. [The Securities are bearer securities which are represented by a global bearer security (the "**Global Security**") deposited with the Clearing Agent, and will be transferable only in accordance with the applicable law and the rules and procedures of the Clearing Agent through whose systems the Securities are transferred.]⁶ [The Securities are issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the "**Applicable Rules**").]⁷ [●] No definitive securities will be issued.
- (b) "**Securityholder**" means [the holder of a unit in the Global Security.]⁸ [a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.]⁹ [●]
- (c) Status. The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

⁵ In case of Securities represented by a Global Security.

⁶ In case of Securities represented by a Global Security.

⁷ In case of Securities issued in dematerialised form.

⁸ In case of Securities represented by a Global Security.

⁹ In case of Securities issued in dematerialised form.

3. NOTICES

All notices under the Conditions shall be [published on the Issuer's website • (or any successor website) and shall become effective upon such publication] [delivered to the Clearing Agent and shall become effective upon such delivery], unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.
- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the "**Offer**"). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the

Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

6. SUBSTITUTION

- (a) Substitution of Issuer. [The Issuer may at any time without the consent of the Securityholders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities any entity (the "**Substitute**"), subject to

either (x)

- (A) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) the Issuer having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Securityholders;

or (y)

- (A) the Issuer having given at least three months' prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) each Securityholder, as of (and including) the date of such notice until (and including) the date of such substitution, being entitled to terminate the Securities held by such Securityholder without any notice period in which event the Issuer will, if and to the extent permitted by the applicable law, pay to such Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination. Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

and in each case subject to all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect.][●]¹⁰ In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

¹⁰ Insert further or other requirements for the substitution of the Issuer.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

7. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Securityholder shall be liable for and/or pay any tax, duty or charge in connection with the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

8. AGENTS

- (a) Principal Paying Agent and Paying Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any paying agent (the "**Paying Agent**") and to appoint further or additional Paying Agents, provided that no termination of appointment of the principal paying agent (the "**Principal Paying Agent**") shall become effective until a replacement Principal Paying Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be a Paying Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Paying Agent will be given to Securityholders in accordance with General Condition 3. Each Paying Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders or any of them.
- (b) Calculation Agent. The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Securityholders in accordance with General Condition 3.

The Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders.

9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any Paying Agent shall only be liable in case of culpably breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]
WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹¹.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

["**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;]¹²

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{13}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{14}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

"**Commodity**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

¹¹ In case of Securities represented by a Global Security.

¹² In case of Discount Warrants.

¹³ In case of Call Warrants and Discount Call Warrants.

¹⁴ In case of Put Warrants and Discount Put Warrants.

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●¹⁵ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁶[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]¹⁷

["**Exercise Time**" means ●;]¹⁸

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Commodity published on [● page ● (or on a page replacing such page)][●] [at or about the Valuation Time] [●] on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Commodity [at or about the Valuation Time] [●] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]¹⁹

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

¹⁵ Insert relevant page.

¹⁶ In case of Quanto Warrants.

¹⁷ In case of American style warrants.

¹⁸ In case of American style warrants.

¹⁹ In case of Securities represented by a Global Security.

"**Issuer**" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland][office in •];

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

"**Maturity Date**" means •;

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{20}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{21}]$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]²²

["**Maximum Exercise Number**" means •;]

["**Minimum Exercise Number**" means •;]

"**Multiplier**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

["**Pricing Date**" means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]²³

"**Principal Paying Agent**" means •, subject to a replacement pursuant to General Condition 8;

²⁰ In case of Discount Call Warrants.

²¹ In case of Discount Put Warrants.

²² In case of Discount Warrants.

²³ In case of a subscription period.

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity are traded;

"**Relevant Number of Trading Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date]²⁴[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]²⁵[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[*Insert supplemental or alternative definitions, if applicable*]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[*Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]²⁶ [lower of

²⁴ In case of European style Warrants.

²⁵ In case of American style Warrants.

²⁶ In case of Warrants other than Discount Warrants.

the Maximum Amount and the Cash Amount]²⁷ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

²⁷ In case of Discount Warrants.

- (e) Settlement. The Issuer shall pay the [Cash Amount]²⁸ [any amount to be paid pursuant to Product Condition 2(a)]²⁹ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]³⁰ [lower of the Maximum Amount and the Cash Amount]³¹ on the Maturity Date either
 - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]³² for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the

²⁸ In case of Warrants other than Discount Warrants.

²⁹ In case of Discount Warrants.

³⁰ In case of Warrants other than Discount Warrants.

³¹ In case of Discount Warrants.

³² In case of Discount Warrants.

United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]³³ [no more than the Maximum Exercise Number of Securities]³⁴ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it

³³ In case of a Minimum Exercise Number of Securities.

³⁴ In case of a Maximum Exercise Number of Securities.

shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]³⁵ [any amount to be paid pursuant to

³⁵ In case of Warrants other than Discount Warrants.

Product Condition 2(a)]³⁶ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]³⁷ [any amount to be paid pursuant to Product Condition 2(a)]³⁸ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) "**Market Disruption Event**" means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the price of the Commodity (or the information necessary for determining

³⁶ In case of Discount Warrants.

³⁷ In case of Warrants other than Discount Warrants.

³⁸ In case of Discount Warrants.

such price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Commodity to commence, or the permanent discontinuation of trading of the Commodity, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Commodity has been impaired due to a lack of, or a material reduction in, trading in the Commodity on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Commodity or any contract related to the Commodity on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Commodity is related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any

principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Commodity (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or

- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency, the lawful currency in which the Commodity is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **"Adjustment Event"** means:
- (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the price of the Commodity; or
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Commodity; or
 - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Commodity (other than a

tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Commodity on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Commodity; or
- (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative adjustment events, if applicable]

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Commodity or (B) instruments related to the Commodity used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Commodity by another commodity;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"National Currency Unit" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"Treaty" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY FORWARD CONTRACTS AND COMMODITY FUTURE CONTRACTS
[DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]³⁹.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

["**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;]⁴⁰

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{41}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{42}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time]

³⁹ In case of Securities represented by a Global Security.

⁴⁰ In case of Discount Warrants.

⁴¹ In case of Call Warrants and Discount Call Warrants.

⁴² In case of Put Warrants and Discount Put Warrants.

[on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●⁴³ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]⁴⁴[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]⁴⁵

["**Exercise Time**" means ●;]⁴⁶

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the Reference Asset Price [at or about the Valuation Time] [●] on the Valuation Date or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] [●] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]⁴⁷

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

⁴³ Insert relevant page.

⁴⁴ In case of Quanto Warrants.

⁴⁵ In case of American style warrants.

⁴⁶ In case of American style warrants.

⁴⁷ In case of Securities represented by a Global Security.

"**Maturity Date**" means •;

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{48}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{49}$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;⁵⁰

["**Maximum Exercise Number**" means •;]

["**Minimum Exercise Number**" means •;]

"**Multiplier**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

["**Pricing Date**" means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]⁵¹

"**Principal Paying Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Reference Asset**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Reference Asset Price**" means, subject to Product Conditions 3 and 4, [the price of the Reference Asset on the Exchange [(floor trading)] divided by the applicable contract factor (the value of 1.0 future's point) as published on [• page • (or on a page replacing such page)][•] without regard to any subsequently published correction][•];

⁴⁸ In case of Discount Call Warrants.

⁴⁹ In case of Discount Put Warrants.

⁵⁰ In case of Discount Warrants.

⁵¹ In case of a subscription period.

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Relevant Number of Trading Days**" means •;

"**Securities**" means •;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means •;]

"**Settlement Currency**" means •;

"**Strike**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means •;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][•];

"**Valuation Date**" means [the Exercise Date] ⁵²[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date] ⁵³[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange [(floor trading)]] [•] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]⁵⁴ [lower of

⁵² In case of European style warrants.

⁵³ In case of American style warrants.

⁵⁴ In case of Warrants other than Discount Warrants.

the Maximum Amount and the Cash Amount]⁵⁵ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

⁵⁵ In case of Discount Warrants.

- (e) Settlement. The Issuer shall pay [the Cash Amount]⁵⁶ [any amount to be paid pursuant to Product Condition 2(a)]⁵⁷ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]⁵⁸ [lower of the Maximum Amount and the Cash Amount]⁵⁹ on the Maturity Date either
 - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]⁶⁰ for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the

⁵⁶ In case of Warrants other than Discount Warrants.

⁵⁷ In case of Discount Warrants.

⁵⁸ In case of Warrants other than Discount Warrants.

⁵⁹ In case of Discount Warrants.

⁶⁰ In case of Discount Warrants.

United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]⁶¹ [no more than the Maximum Exercise Number of Securities]⁶² may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it

⁶¹ In case of a Minimum Exercise Number of Securities.

⁶² In case of a Maximum Exercise Number of Securities.

shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]⁶³ [any amount to be paid pursuant to

⁶³ In case of Warrants other than Discount Warrants.

Product Condition 2(a)]⁶⁴ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]⁶⁵ [any amount to be paid pursuant to Product Condition 2(a)]⁶⁶ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) "**Market Disruption Event**" means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such

⁶⁴ In case of Discount Warrants.

⁶⁵ In case of Warrants other than Discount Warrants.

⁶⁶ In case of Discount Warrants.

price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or

- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iv) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
- (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or
- (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
- (vii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Reference Asset is related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any

principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or

- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **"Adjustment Event"** means:
- (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
 - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other

than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or

- (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or
- (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative adjustment events, if applicable]

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Reference Asset by another commodity forward contract or commodity future contract;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"National Currency Unit" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"Treaty" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]
WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]⁶⁷.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;⁶⁸

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{69}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{70}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

"**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;

"**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [•]⁷¹

⁶⁷ In case of Securities represented by a Global Security.

⁶⁸ In case of Discount Warrants.

⁶⁹ In case of Call Warrants and Discount Call Warrants.

⁷⁰ In case of Put Warrants and Discount Put Warrants.

⁷¹ Insert relevant page.

(or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]⁷²[•];]

"Exercise Date" means • or, if this day is not a Business Day, the first succeeding Business Day;

"Exercise Period" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;⁷³

"Exercise Time" means •;⁷⁴

"Expenses" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Conditions 3 and 4, [an amount equal to the [mid-market][•] price of the Underlying FX Rate published on [[Bloomberg][•] page [WMCO][•] (or on a page replacing such page)][•] [at or about the Valuation Time] [•] on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the [mid-market][•] price of the Underlying FX Rate [at or about the Valuation Time] [•] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][•];

"Global Security" has the meaning given in General Condition 2;⁷⁵

"Integral Multiple" means •;

"Issue Date" means •;

"Issuer" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in •];

⁷² In case of Quanto Warrants.

⁷³ In case of American style warrants.

⁷⁴ In case of American style warrants.

⁷⁵ In case of Securities represented by a Global Security.

"Market Disruption Event" means each event specified as Market Disruption Event in Product Condition 3;

"Maturity Date" means •;

"Maximum Amount" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{76}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{77}$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]⁷⁸

"Maximum Exercise Number" means •;]

"Minimum Exercise Number" means •;]

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;

"Paying Agent" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Payment Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

"Pricing Date" means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]⁷⁹

"Principal Paying Agent" means •, subject to a replacement pursuant to General Condition 8;

"Relevant Number of Days" means •;

"Securities" means •;

"Securityholder" has the meaning given in General Condition 2;

"Series" means •;]

⁷⁶ In case of Discount Call Warrants.

⁷⁷ In case of Discount Put Warrants.

⁷⁸ In case of Discount Warrants.

⁷⁹ In case of a subscription period.

"**Settlement Currency**" means •;

"**Strike**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means •;]

"**Underlying FX Rate**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Valuation Date**" means [the Exercise Date]⁸⁰[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]⁸¹[•]. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means • or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]⁸² [lower of the Maximum Amount and the Cash Amount]⁸³ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person

⁸⁰ In case of European style warrants.

⁸¹ In case of American style warrants.

⁸² In case of Warrants other than Discount Warrants.

⁸³ In case of Discount Warrants.

within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]⁸⁴ [any amount to be paid pursuant to Product Condition 2(a)]⁸⁵ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

⁸⁴ In case of Warrants other than Discount Warrants.

⁸⁵ In case of Discount Warrants.

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]⁸⁶ [lower of the Maximum Amount and the Cash Amount]⁸⁷ on the Maturity Date either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]⁸⁸ for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other

⁸⁶ In case of Warrants other than Discount Warrants.

⁸⁷ In case of Discount Warrants.

⁸⁸ In case of Discount Warrants.

entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]⁸⁹ [no more than the Maximum Exercise Number of Securities]⁹⁰ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

⁸⁹ In case of a Minimum Exercise Number of Securities.

⁹⁰ In case of a Maximum Exercise Number of Securities.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]⁹¹ [any amount to be paid pursuant to Product Condition 2(a)]⁹² for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]⁹³ [any amount to be paid pursuant to Product Condition 2(a)]⁹⁴ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

⁹¹ In case of Warrants other than Discount Warrants.

⁹² In case of Discount Warrants.

⁹³ In case of Warrants other than Discount Warrants.

⁹⁴ In case of Discount Warrants.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding day (other than a Saturday or Sunday) on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) **"Market Disruption Event"** means:

- (i) Price Source Disruption. It becomes impossible to obtain the Underlying FX Rate in the inter-bank market; or
- (ii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all

holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iii) Inconvertibility/Non-transferability. The occurrence of any event which [(A) generally makes it impossible to convert the currencies in the Underlying FX Rate through customary legal channels for conducting such conversion in the principal financial centre of the Settlement Currency or (B)] generally makes it impossible to deliver the Settlement Currency from accounts in the country of the principal financial centre of the Settlement Currency to accounts outside such country or the Settlement Currency between accounts in such country or to a party that is a non-resident of such country; or
- (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of either of the currencies in the Underlying FX Rate or of the Settlement Currency; or
- (v) [Illiquidity. It is impossible to obtain a firm quote for the Underlying FX Rate or the Settlement Currency for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or]
- (vi) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means [any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Underlying FX Rate][●].

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Underlying FX Rate is related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or

- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (iv) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority (as defined below) which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (v) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vi) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (vii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Underlying FX Rate (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (viii) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (ix) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any *de facto* or *de jure government* (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency or the lawful currency in which the Underlying FX Rate is denominated from time to time, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent, an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **"Adjustment Event"** means:
 - (i) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, transactions in the Underlying FX Rate (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Underlying FX Rate on the Valuation Date and/or on each of the three days following the Valuation Date from what it would have been without that imposition, change or removal; or
 - (ii) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Underlying FX Rate; or

- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative adjustment events, if applicable]

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
 - (i) any material illiquidity in the market with respect to (A) the Underlying FX Rate or (B) instruments related to the Underlying FX Rate used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or

- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Underlying FX Rate by another exchange rate;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to

rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO FUND [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]
WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]⁹⁵.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

["**Cap**" means [•], subject to an adjustment in accordance with Product Condition 3;]⁹⁶

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 3, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{97}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{98}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

["**Exchange**" means •;]⁹⁹

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [on the Valuation Date][on the

⁹⁵ In case of Securities represented by a Global Security.

⁹⁶ In case of Discount Warrants.

⁹⁷ In case of Call Warrants and Discount Call Warrants.

⁹⁸ In case of Put Warrants and Discount Put Warrants.

⁹⁹ In case of a Fund which is an exchange traded fund.

Business Day following the Valuation Date] by reference to [●¹⁰⁰ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁰¹ [●];]

"Exercise Date" means ● or, if this day is not a Business Day, the first succeeding Business Day;

"Exercise Period" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;¹⁰²

"Exercise Time" means ●;¹⁰³

"Expenses" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"Final Reference Price" means, subject to Product Condition 3, [an amount equal to the NAV of a Fund Unit as quoted by the Fund Calculation Agent for the Valuation Date [or, where the Fund is an exchange traded fund, the price of a Fund Unit on the Exchange [for the Valuation Time] [●] on the Valuation Date], without regard to any subsequently published correction or (if no such NAV [or price, as the case may be,] is quoted and no Fund Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the NAV [or, where the Fund is an exchange traded fund, the price] of the Fund Unit for the Valuation Date [or, where the Fund is an exchange traded fund, [for the Valuation Time] [●] on the Valuation Date] and notified to the Securityholders in accordance with General Condition 3][●];

"Fund" means ●, subject to an adjustment in accordance with Product Condition 3;

"Fund Administrator" means the fund administrator, manager, trustee or similar person or entity with the primary administrative responsibilities for the Fund;

"Fund Adviser" means any person or entity appointed as investment manager or investment adviser (whether discretionary or not) for the Fund;

¹⁰⁰ Insert relevant page.

¹⁰¹ In case of Quanto Warrants.

¹⁰² In case of American style warrants.

¹⁰³ In case of American style warrants.

"Fund Calculation Agent" means any person or entity responsible for the calculation and quotation of the NAV of a Fund Unit pursuant to the laws and regulations (including but not limited to the Fund's constitutive documents) applicable to the Fund;

"Fund Disruption Event" means each event specified as Fund Disruption Event in Product Condition 3;

"Fund Prospectus" means [●] and, in relation to any Replacement Fund, means the prospectus relating to the Replacement Fund as notified to the Securityholders in accordance with Product Condition 3 [(c)][(d)], each as amended from time to time;

"Fund Service Provider" means any person or entity who is appointed to provide services, directly or indirectly, for the Fund, whether or not specified in the Fund's constitutive documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, Fund Calculation Agent, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

"Fund Substitution Date" means the date notified to the Securityholders as the date for the replacement of the Fund by a Replacement Fund in accordance with Product Condition 3 [(c)][(d)];

"Fund Unit" means [a unit of the Fund][●];

[**"Global Security"** has the meaning given in General Condition 2;]¹⁰⁴

"Inclusion Date" means (i) with respect to the Fund, the Issue Date and (ii) with respect to any Replacement Fund, the Fund Substitution Date of that Fund;

"Integral Multiple" means ●;

"Issue Date" means ●;

"Issuer" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

"Maturity Date" means ●;

[**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 3, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

¹⁰⁴ In case of Securities represented by a Global Security.

[(Cap – Strike) x Multiplier]¹⁰⁵

[(Strike – Cap) x Multiplier]¹⁰⁶

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;¹⁰⁷

["**Maximum Exercise Number**" means ●;]

"**Merger Event**" means (i) any merger or similar event regarding the Fund or a Fund Service Provider with or into another entity, fund or person (other than a merger or similar event in which the Fund or a Fund Service Provider is the continuing entity and which does not result in a reclassification or change of its outstanding shares, units or interests) or (ii) any takeover offer or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding shares, units or interests of the Fund or a Fund Service Provider that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person);

["**Minimum Exercise Number**" means ●;]

"**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 3;

"**NAV**" means net asset value;

"**Paying Agent**" means ● and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][●];

["**Pricing Date**" means ●, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]¹⁰⁸

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

¹⁰⁵ In case of Discount Call Warrants.

¹⁰⁶ In case of Discount Put Warrants.

¹⁰⁷ In case of Discount Warrants.

¹⁰⁸ In case of a subscription period.

"**Reference Price**" means, with respect to any day, [an amount [(expressed in the Strike Currency)] equal to the NAV of a Fund Unit as quoted by the fund manager for such day without regard to any subsequently published correction][●];

["**Related Exchange**" means, with respect to a Fund which is an exchange traded fund, each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Fund are traded;]

"**Relevant Number of Trading Days**" means ●;

"**Replacement Fund**" means the fund selected by the Calculation Agent to replace the Fund in accordance with Product Condition 3[(b)][(c)](ii);

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 3;

["**Strike Currency**" means ●;]

"**Trading Day**" means any day on which dealing in Fund Units can take place (or, but for the occurrence of a Fund Disruption Event[or an Emerging Market Disruption Event] could have taken place) [or, where the Fund is an exchange traded fund, any day that is (or, but for the occurrence of a Fund Disruption Event[or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time]; [and]

"**Valuation Date**" means [the Exercise Date]¹⁰⁹[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]¹¹⁰[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3[.]; [and]

["**Valuation Time**" means, with respect to a Fund which is an exchange traded fund, the close of trading on the Exchange in relation to a Fund Unit or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.]

[*Insert supplemental or alternative definitions, if applicable*]

¹⁰⁹ In case of European style warrants.

¹¹⁰ In case of American style warrants.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:]

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹¹¹ [lower of the Maximum Amount and the Cash Amount]¹¹² on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S

¹¹¹ In case of Warrants other than Discount Warrants.

¹¹² In case of Discount Warrants.

under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]¹¹³ [any amount to be paid pursuant to Product Condition 2(a)]¹¹⁴ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹¹⁵ [lower of the Maximum Amount and the Cash Amount]¹¹⁶ on the Maturity Date either
 - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;

¹¹³ In case of Warrants other than Discount Warrants.

¹¹⁴ In case of Discount Warrants.

¹¹⁵ In case of Warrants other than Discount Warrants.

¹¹⁶ In case of Discount Warrants.

- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]¹¹⁷ for such Securities;
 - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
 - (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]¹¹⁸ [no more than the Maximum Exercise Number of Securities]¹¹⁹ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next

¹¹⁷ In case of Discount Warrants.

¹¹⁸ In case of a Minimum Exercise Number of Securities.

¹¹⁹ In case of a Maximum Exercise Number of Securities.

smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]¹²⁰ [any amount to be paid pursuant to Product Condition 2(a)]¹²¹ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]¹²² [any amount to be paid pursuant to Product Condition 2(a)]¹²³ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. FUND DISRUPTION [AND EMERGING MARKET DISRUPTION EVENT]

- (a) **"Fund Disruption Event"** means each of the following events, provided that the Calculation Agent determines that the relevant event either has resulted or is reasonably likely to result in an adverse effect on the value of a Fund Unit or on the rights of any investor in the Fund:
 - (i) Global Events:
 - (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date, or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that in effect at its Inclusion Date, or (c) the operation or organisation of the Fund or the Fund Service Provider (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date, or (d) an event or change occurs affecting any of the ownership, management or reputation or liquidity of the Fund or any assets of the Fund, or (e)

¹²⁰ In case of Warrants other than Discount Warrants.

¹²¹ In case of Discount Warrants.

¹²² In case of Warrants other than Discount Warrants.

¹²³ In case of Discount Warrants.

any other amendments or changes are made after the Inclusion Date to any of the Fund's constitutive documents or the Fund Prospectus.

- (B) (a) The Fund is not being managed in accordance with its constitutive documents and/or the Fund Prospectus as in effect on the Inclusion Date, and no action satisfactory (in the determination of the Calculation Agent) has been taken by the Fund or any person or entity on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes or will with the passage of time (in the determination of the Calculation Agent) cause the failure of the Fund to meet or maintain any obligation or undertaking under its constitutive documents or the Fund Prospectus.
- (C) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (D) Written notification is given by the Fund or any Fund Service Provider (or any person or entity acting on behalf thereof) to holders of Fund Units or to the Fund Administrator that the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up or liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (i) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office (the "**Official**"), a proceeding seeking a judgment of insolvency or any other relief under any insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or the

Official ("**Regulatory or Insolvency Proceedings**"), or (ii) has instituted against it Regulatory or Insolvency Proceedings by a person or entity not being an Official which either (x) results in a judgment of insolvency or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (however described) relating to the Fund or the Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, is economically equivalent to any of the events specified in Product Conditions 3(a)(i)(D)(a) through 3(a)(i)(D)(e) above.

- (E) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (F) Any Merger Event occurs or is announced.
- (G) Any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (H) Any change occurs in the legal, tax, accounting or regulatory treatment of the Fund from that which was applicable at the Inclusion Date.
- (I) A failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).

- (J) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
 - (A) The Fund and/or the Fund Calculation Agent ceases for any reason whatsoever to provide, publish or make available the NAV of a Fund Unit for a day for which it normally provides, publishes or makes available the NAV of a Fund Unit [or, where the Fund is an exchange traded fund, there is a failure to publish the price of the Fund Units on the Exchange on a day on which normally such prices are published].
 - (B) (a) The time delay between the calculation of the NAV (or any estimated NAV) of a Fund Unit and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as in effect on the Inclusion Date, or (b) any information relating to the Fund that was specified to be published in accordance with the Fund's constitutive documents or the Fund Prospectus in effect on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
 - (C) The audited NAV of a Fund Unit varies by more than 0.50 per cent from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Calculation Agent determines that the unaudited official NAV of a Fund Unit published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund Unit as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
 - (D) (a) The occurrence of any event affecting the Fund Units that in the determination of the Calculation Agent would make it impossible or impracticable for the Calculation Agent to establish the value of such Fund Unit, and the Calculation Agent determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (b) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, information that such person or entity has agreed to deliver, or cause to be delivered, to the Issuer or the Calculation Agent or information that has been previously delivered to the Issuer or the Calculation Agent in accordance with such person's or entity's normal practice and that the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities.

(iii) Fund Units:

Any of the following events relating to the Fund Units occurs:

- (A) a subdivision, reclassification or distribution of Fund Units which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Fund Units;
- (B) the Fund Units or a portion thereof is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund;
- (C) a (a) dividend (including cash and whether ordinary or extraordinary), (b) distribution, or (c) issue of Fund Units, capital, securities, rights or other assets or interests to existing holders of Fund Units which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Fund Units; or
- (D) any suspension or limitation on the trading of the relevant currencies in which the Fund Units are denominated or any amendment to the currency of denomination of the Fund Units so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund.

(iv) Trading and Fees:

- (A) The Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) in respect of the Fund Units above the level on the Inclusion Date.
- (B) Any suspension of or limitation imposed on trading of the Fund Units (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund is deferred in whole or in part or is made at a value other than the related NAV or price, as the case may be.
- (C) The frequency at which Fund Units can be traded is amended or the timing for subscription or redemption of Fund Units is amended, in each case so that it is no longer that as in effect on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.

- (v) Fund Adviser and Fund Service Provider Failures:
- (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
 - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (however described) relating to the Fund have been breached and not cured.
 - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Calculation Agent determines to adversely affect the ability of such Fund Service Provider to carry out its duties with respect to the Fund.
 - (D) The Issuer or the Calculation Agent becomes aware of any failure by the Fund or any person or entity on its behalf to disclose to the Issuer or the Calculation Agent, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Fund Units.
- (vi) General: Any other event occurs which the Calculation Agent determines is economically equivalent to any of the events specified in Product Condition 3 (a)(i) to (v) above.

[Insert supplemental or alternative fund disruption events, if applicable]

[Insert in case the Fund is related to one or more emerging market(s):

- (b) **"Emerging Market Disruption Event"** means:
- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or

- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Fund or any Fund Unit (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency and the lawful currency in which the Fund Units are denominated or in which payments are made under the Fund Units from time to time,[or, where the Fund is an exchange traded fund, the lawful currency of the country in which the Exchange is located,] provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(b)][(c)] Consequences of a Fund Disruption Event [or Emerging Market Disruption Event].

- (i) If in the determination of the Calculation Agent, a Fund Disruption Event [and/or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Fund Disruption

Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Fund Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Fund Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Fund Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price.

- (ii) Following the occurrence of a Fund Disruption Event [and/or Emerging Market Disruption Event] (and regardless of whether or not such event is then continuing) the following actions may be taken:
 - (x) (A) the Calculation Agent may make adjustments to the Conditions to account for the economic effect on the Securities of such event and (B) determine the effective date of the relevant adjustments; or
 - (y) the Calculation Agent may select a Replacement Fund with a similar risk profile as the Fund replaced and a Fund Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Fund Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Fund Substitution Date, and (C) the Calculation Agent may make adjustments to the Conditions to reflect such substitution; or
 - (z) the Issuer may terminate the Securities, in whole but not in part, on the date notified to the Securityholders in accordance with General Condition 3. If the Securities are terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

An adjustment in accordance with Product Condition 3[(b)][(c)](ii)(x) or a selection of a Replacement Fund in accordance with Product Condition

3.[(b)][(c)](ii)(y) shall not preclude a subsequent termination in accordance with Product Condition 3[(b)][(c)](ii)(z) with respect to the same event.

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations shall be made exercising reasonable discretion (*billiges Ermessen*). The Issuer shall give notice in accordance with General Condition 3 of any determination, adjustment or other decision made by it or the Calculation Agent pursuant to this Product Condition 3 as soon as practicable after it has been made. In case of a selection of a Replacement Fund in accordance with Product Condition 3[(b)][(c)](ii)(y), the notice shall also specify the prospectus relating to the Replacement Fund and the date of replacement of the Fund by the Replacement Fund. The Issuer shall make available for inspection by Securityholders copies of any such determinations and/or adjustments.

4. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

5. HEDGING DISRUPTION

(a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:

- (i) any material illiquidity in the market with respect to (A) the Fund or the Fund Units or (B) instruments related to the the Fund or the Fund Units used by the Issuer to hedge entirely or in part its obligations under the Securities; or
- (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law

- (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Fund by another fund or the Fund Units by other fund units;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 5 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

6. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[7. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary

Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 7(a) and/or Product Condition 7(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro

established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[7][8]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[8][9]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO GOVERNMENT BOND FUTURE CONTRACTS [DISCOUNT] [AMERICAN]
[EUROPEAN] [CALL] [PUT] [QUANTO] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹²⁴.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

["**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;]¹²⁵

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{126}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{127}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time]

¹²⁴ In case of Securities represented by a Global Security.

¹²⁵ In case of Discount Warrants.

¹²⁶ In case of Call Warrants and Discount Call Warrants.

¹²⁷ In case of Put Warrants and Discount Put Warrants.

[on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●]¹²⁸ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3] [a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹²⁹[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]¹³⁰

["**Exercise Time**" means ●;]¹³¹

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the Reference Asset Price [at or about the Valuation Time] [●] on the Valuation Date or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] [●] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]¹³²

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

¹²⁸ Insert relevant page.

¹²⁹ In case of Quanto Warrants.

¹³⁰ In case of American style warrants.

¹³¹ In case of American style warrants.

¹³² In case of Securities represented by a Global Security.

"**Maturity Date**" means •;

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{133}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{134}]$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]¹³⁵

["**Maximum Exercise Number**" means •;]

["**Minimum Exercise Number**" means •;]

"**Multiplier**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

["**Pricing Date**" means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]¹³⁶

"**Principal Paying Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Reference Asset**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Reference Asset Price**" means, subject to Product Conditions 3 and 4, [the price of the Reference Asset on the Exchange [(floor trading)] divided by the applicable contract factor (the value of 1.0 future's point) as published on [• page • (or on a page replacing such page)][•] without regard to any subsequently published correction][•];

¹³³ In case of Discount Call Warrants.

¹³⁴ In case of Discount Put Warrants.

¹³⁵ In case of Discount Warrants.

¹³⁶ In case of a subscription period.

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Reference Asset are traded;

"**Relevant Number of Trading Days**" means •;

"**Securities**" means •;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means •;]

"**Settlement Currency**" means •;

"**Strike**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means •;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][•];

"**Valuation Date**" means [the Exercise Date]¹³⁷[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]¹³⁸[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange [(floor trading)]] [•] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹³⁹ [lower

¹³⁷ In case of European style warrants.

¹³⁸ In case of American style warrants.

¹³⁹ In case of Warrants other than Discount Warrants.

of the Maximum Amount and the Cash Amount]¹⁴⁰ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

¹⁴⁰ In case of Discount Warrants.

- (e) Settlement. The Issuer shall pay [the Cash Amount]¹⁴¹ [any amount to be paid pursuant to Product Condition 2(a)]¹⁴² to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹⁴³ [lower of the Maximum Amount and the Cash Amount]¹⁴⁴ on the Maturity Date either
 - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]¹⁴⁵ for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the

¹⁴¹ In case of Warrants other than Discount Warrants.

¹⁴² In case of Discount Warrants.

¹⁴³ In case of Warrants other than Discount Warrants.

¹⁴⁴ In case of Discount Warrants.

¹⁴⁵ In case of Discount Warrants.

United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]¹⁴⁶ [no more than the Maximum Exercise Number of Securities]¹⁴⁷ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it

¹⁴⁶ In case of a Minimum Exercise Number of Securities.

¹⁴⁷ In case of a Maximum Exercise Number of Securities.

shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]¹⁴⁸ [any amount to be paid pursuant to

¹⁴⁸ In case of Warrants other than Discount Warrants.

Product Condition 2(a)]¹⁴⁹ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]¹⁵⁰ [any amount to be paid pursuant to Product Condition 2(a)]¹⁵¹ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

- (b) "**Market Disruption Event**" means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Price Source Disruption. The failure by the Exchange to announce or publish the Reference Asset Price (or the information necessary for determining such

¹⁴⁹ In case of Discount Warrants.

¹⁵⁰ In case of Warrants other than Discount Warrants.

¹⁵¹ In case of Discount Warrants.

- price) or the temporary or permanent discontinuance or unavailability of such price by the Exchange; or
- (iii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
 - (iv) Disappearance of Price. The failure of trading of the Reference Asset to commence, or the permanent discontinuation of trading of the Reference Asset, on the Exchange; or
 - (v) De Minimis Trading. The Issuer's ability to enter into hedging transactions with respect to the Reference Asset has been impaired due to a lack of, or a material reduction in, trading in the Reference Asset on the Exchange; or
 - (vi) Trading Limitation. A material limitation imposed on trading in the Reference Asset or any contract related to the Reference Asset on the Exchange or any Related Exchange or any principal trading market; or
 - (vii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
 - (viii) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the Governmental Authority; or
 - (ix) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[For the purposes of this Product Condition 3(b)] "**Governmental Authority**" means [any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the issuer of the government bond to which the Reference Asset is related][●].

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Reference Asset is related to one or more emerging market(s):

(c) "**Emerging Market Disruption Event**" means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant

Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

For the purposes of this Product Condition 3(c) "**Governmental Authority**" means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which the Reference Asset is denominated from time to time, or the lawful currency of the

country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If in the determination of the Calculation Agent an Adjustment Event has occurred, the Calculation Agent may make adjustments to the Conditions.
- (b) **"Adjustment Event"** means:
 - (i) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Reference Asset Price; or
 - (ii) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content or composition of the Reference Asset; or
 - (iii) Tax Disruption. The imposition of, change in, or removal of, an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Reference Asset (other than a tax on, or measured by reference to, overall gross or net income) by any governmental or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Reference Asset Price on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
 - (iv) Market Disruption Events [or Emerging Market Disruption Events]. Any Market Disruption Event [or Emerging Market Disruption Event] with respect to the Reference Asset; or

- (v) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

[Insert supplemental or alternative adjustment events, if applicable]

- (c) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "Hedging Disruption Event" shall occur if any of the following or a similar event occurs:
 - (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or

- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Reference Asset by another government bond;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to

rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT] [QUANTO]
WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹⁵².

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;¹⁵³

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{154}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{155}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

"**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;

"**Exchange**" means [each exchange or quotation system from which the Index Sponsor takes the prices of the Index Components to compute the Index or any successor to such exchange or quotation system][•];

¹⁵² In case of Securities represented by a Global Security.

¹⁵³ In case of Discount Warrants.

¹⁵⁴ In case of Call Warrants and Discount Call Warrants.

¹⁵⁵ In case of Put Warrants and Discount Put Warrants.

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●¹⁵⁶ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁵⁷ [●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]¹⁵⁸

["**Exercise Time**" means ●;]¹⁵⁹

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the level of the Index announced on [● page ● (or on a page replacing such page)][●] [at or about the Valuation Time] [●] on the Valuation Date[, or the Index Early Termination Date, as the case may be], without regard to any subsequently announced correction or (if no such level is announced and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the Index [at or about the Valuation Time] [●] on the Valuation Date[, or the Index Early Termination Date, as the case may be,] and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]¹⁶⁰

"**Index**" means ●, subject to an adjustment in accordance with Product Condition 4;

¹⁵⁶ Insert relevant page.

¹⁵⁷ In case of Quanto Warrants.

¹⁵⁸ In case of American style warrants.

¹⁵⁹ In case of American style warrants.

¹⁶⁰ In case of Securities represented by a Global Security.

"Index Components" means [the securities or other financial instruments that comprise the Index][●], subject to an adjustment in accordance with Product Condition 4;

"Index Early Termination Date" means the day on which the Index Early Termination Event occurs or, if such day is not a Trading Day, the first succeeding Trading Day, subject to a postponement in accordance with Product Condition 3;]

"Index Early Termination Event" means [the occurrence of the event that the total number of Index Components comprised in the Index is less than the minimum number of index components, as specified in the index description attached to the Product Conditions][●];]

"Index Sponsor" means [the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Trading Day][●] and references to the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"Integral Multiple" means ●;

"Issue Date" means ●;

"Issuer" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

"Market Disruption Event" means each event specified as Market Disruption Event in Product Condition 3;

"Maturity Date" means ●;

"Maximum Amount" means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{161}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{162}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]¹⁶³

"Maximum Exercise Number" means ●;]

¹⁶¹ In case of Discount Call Warrants.

¹⁶² In case of Discount Put Warrants.

¹⁶³ In case of Discount Warrants.

["**Minimum Exercise Number**" means •;]

"**Multiplier**" means •, subject to an adjustment in accordance with Product Condition 4;

"**Paying Agent**" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"**Payment Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

["**Pricing Date**" means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]¹⁶⁴

"**Principal Paying Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

"**Relevant Number of Trading Days**" means •;

"**Securities**" means •;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means •;]

"**Settlement Currency**" means •;

"**Strike**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means •;]

"**Trading Day**" means [any day on which the Index Sponsor should calculate and announce the closing level of the Index according to its rules][•];

"**Valuation Date**" means [the Exercise Date]¹⁶⁵[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]¹⁶⁶[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

¹⁶⁴ In case of a subscription period.

¹⁶⁵ In case of European style warrants.

¹⁶⁶ In case of American style warrants.

"Valuation Time" means the time with reference to which the Index Sponsor calculates the [closing level][●] of the Index or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:]

- (a) Securityholder's Right. The Issuer, subject to an early termination [other than in accordance with Product Condition 5(b)], hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹⁶⁷ [lower of the Maximum Amount and the Cash Amount]¹⁶⁸ on the Maturity Date [either (i)] upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c)[, or (ii) in case of an Index Early Termination Event in accordance with Product Condition 5(b)].
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity

¹⁶⁷ In case of Warrants other than Discount Warrants.

¹⁶⁸ In case of Discount Warrants.

organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (e) Settlement. The Issuer shall pay [the Cash Amount]¹⁶⁹ [any amount to be paid pursuant to Product Condition 2(a)]¹⁷⁰ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination [other than in accordance with Product Condition 5(b)], hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹⁷¹ [lower of the Maximum Amount and the Cash Amount]¹⁷² on the Maturity Date either
 - (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g)[, or
 - (iii) in case of an Index Early Termination Event in accordance with Product Condition 5(b)].

¹⁶⁹ In case of Warrants other than Discount Warrants.

¹⁷⁰ In case of Discount Warrants.

¹⁷¹ In case of Warrants other than Discount Warrants.

¹⁷² In case of Discount Warrants.

- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]¹⁷³ for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.

¹⁷³ In case of Discount Warrants.

- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]¹⁷⁴ [no more than the Maximum Exercise Number of Securities]¹⁷⁵ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity

¹⁷⁴ In case of a Minimum Exercise Number of Securities.

¹⁷⁵ In case of a Maximum Exercise Number of Securities.

organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]¹⁷⁶ [any amount to be paid pursuant to Product Condition 2(a)]¹⁷⁷ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]¹⁷⁸ [any amount to be paid pursuant to Product Condition 2(a)]¹⁷⁹ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.
- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date [or the Index Early Termination Date], then the Valuation Date [or the Index Early Termination Date, as the case may be,] shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market

¹⁷⁶ In case of Warrants other than Discount Warrants.

¹⁷⁷ In case of Discount Warrants.

¹⁷⁸ In case of Warrants other than Discount Warrants.

¹⁷⁹ In case of Discount Warrants.

Disruption Event]) would have been the Valuation Date [or the Index Early Termination Date, as the case may be]. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [or the Index Early Termination Date, as the case may be] (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) on any Exchange(s) in Index Components that comprise 20 per cent or more of the level of the Index (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in an Index Component is suspended or limited at that time, then the relevant percentage contribution of that Index Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Index Component relative to (y) the overall level of the Index, in each case immediately before that suspension or limitation; or
 - (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to the Index if, in the determination of the Calculation Agent, such suspension or limitation is material.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any Exchange or Related Exchange, but a limitation on

trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Index or any Index Component is related to one or more emerging market(s):

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant

Currency between accounts in such country or to a party that is a non-resident of such country; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index or any Index Component (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency, the lawful currency in which the Index or any Index Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"**Relevant Currency Exchange Rate**" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"**Standard Currency**" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●].]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable as determined by the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (b) If (A) on or prior to the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in Index Components and other routine events); or (B) on the Valuation Date [or the Index Early Termination Date, as the case may be,] the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or announce the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of an announced level for the Index on the Valuation Date [or the Index Early Termination Date, as the case may be,] the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or failure, but using only those Index Components that comprised the Index immediately prior to the change or failure (other than those Index Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Index Components are listed) or, in the case of a material modification of the Index only, the Calculation Agent shall deem such

modified Index to be the Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 3.

- (c) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index. [Where the Index Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(c): (A) a distribution or dividend to existing holders of the shares of (i) shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the shares equally or proportionately with such payments to holders of shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (E) any non-cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date[, or the Index Early Termination Date, as the case may be]; (G) a distribution of cash dividends on the shares equal to or greater than 8 per cent per annum of the then current market value of the shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.]¹⁸⁰
- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.

[Insert supplemental or alternative adjustment events, if applicable]

¹⁸⁰ Where the Index Components are shares.

- (e) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

- [(a)] [Early Termination.]The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.
- [(b)] Index Early Termination. Upon the occurrence of an Index Early Termination Event, the Securities will terminate automatically and the Issuer will give notice to the Securityholders in accordance with General Condition 3. In case of an Index Early Termination Event the Issuer shall pay the [Cash Amount]¹⁸¹ [lower of the Maximum Amount and the Cash Amount]¹⁸² for each Security on the Maturity Date to the Clearing Agent for credit to the account of the Securityholder.]

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
 - (i) any material illiquidity in the market with respect to (A) the Index or any Index Components or (B) instruments related to the Index or any Index Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or

¹⁸¹ In case of Warrants other than Discount Warrants.

¹⁸² In case of Discount Warrants.

- (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
 - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) make an adjustment to the composition of the Index or replace the Index by another index;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"National Currency Unit" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"Treaty" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

[INDEX DESCRIPTION

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CONDITIONS: PRODUCT CONDITIONS
RELATING TO INFLATION INDEX [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]
[QUANTO]WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]¹⁸³.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;¹⁸⁴

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{185}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{186}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

"**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;

"**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date][•] by reference to

¹⁸³ In case of Securities represented by a Global Security.

¹⁸⁴ In case of Discount Warrants.

¹⁸⁵ In case of Call Warrants and Discount Call Warrants.

¹⁸⁶ In case of Put Warrants and Discount Put Warrants.

[●¹⁸⁷ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]¹⁸⁸[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]¹⁸⁹

["**Exercise Time**" means ●;]¹⁹⁰

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the level of the Index announced on [● page ● (or on a page replacing such page)][●] by the Index Sponsor [with respect to the Valuation Month] [●], without regard to any subsequently announced correction or (if no such level is announced and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the Index [with respect to the Valuation Month] [●] and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]¹⁹¹

"**Index**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Index Sponsor**" means [the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a [regular][monthly] basis][●], and references to the Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

"**Integral Multiple**" means ●;

¹⁸⁷ Insert relevant page.

¹⁸⁸ In case of Quanto Warrants.

¹⁸⁹ In case of American style warrants.

¹⁹⁰ In case of American style warrants.

¹⁹¹ In case of Securities represented by a Global Security.

"Issue Date" means •;

"Issuer" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in •];

"Market Disruption Event" means each event specified as Market Disruption Event in Product Condition 3;

"Maturity Date" means •;

[**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount (which shall be deemed to be a monetary value in the Strike Currency) calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{192}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{193}]$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]¹⁹⁴

[**"Maximum Exercise Number"** means •;]

[**"Minimum Exercise Number"** means •;]

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;

"Paying Agent" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Payment Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

[**"Pricing Date"** means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]¹⁹⁵

"Principal Paying Agent" means •, subject to a replacement pursuant to General Condition 8;

¹⁹² In case of Discount Call Warrants.

¹⁹³ In case of Discount Put Warrants.

¹⁹⁴ In case of Discount Warrants.

¹⁹⁵ In case of a subscription period.

"**Relevant Number of Months**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4; [and]

["**Strike Currency**" means ●;]

["**Trading Day**" means [any day on which the Index Sponsor should calculate and announce the closing level of the Index according to its rules][●];]

["**Valuation Date**" means [the Exercise Date]¹⁹⁶[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]¹⁹⁷[●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day;]

"**Valuation Month**" means ●, subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the time with reference to which the Index Sponsor calculates the [closing level][●] of the Index or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3][●].

[*Insert supplemental or alternative definitions, if applicable*]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[*Insert if the Warrants are European style warrants:*

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]¹⁹⁸ [lower of the Maximum Amount and the Cash Amount]¹⁹⁹ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery

¹⁹⁶ In case of European style warrants.

¹⁹⁷ In case of American style warrants.

¹⁹⁸ In case of Warrants other than Discount Warrants.

¹⁹⁹ In case of Discount Warrants.

of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (e) Settlement. The Issuer shall pay [the Cash Amount]²⁰⁰ [any amount to be paid pursuant to Product Condition 2(a)]²⁰¹ to the Clearing Agent for credit to the account

²⁰⁰ In case of Warrants other than Discount Warrants.

²⁰¹ In case of Discount Warrants.

of the Securityholder for each Security with respect to which a Certification has been delivered.

- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]²⁰² [lower of the Maximum Amount and the Cash Amount]²⁰³ on the Maturity Date either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]²⁰⁴ for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any

²⁰² In case of Warrants other than Discount Warrants.

²⁰³ In case of Discount Warrants.

²⁰⁴ In case of Discount Warrants.

political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]²⁰⁵ [no more than the Maximum Exercise Number of Securities]²⁰⁶ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.

²⁰⁵ In case of a Minimum Exercise Number of Securities.

²⁰⁶ In case of a Maximum Exercise Number of Securities.

- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]²⁰⁷ [any amount to be paid pursuant to Product Condition 2(a)]²⁰⁸ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic

²⁰⁷ In case of Warrants other than Discount Warrants.

²⁰⁸ In case of Discount Warrants.

exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]²⁰⁹ [any amount to be paid pursuant to Product Condition 2(a)]²¹⁰ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred with respect to the Valuation Month, then the Valuation Month shall be the first succeeding calendar month for which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring with respect to each of the Relevant Number of Months immediately following the original month which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Month. In that case (i) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.
- (b) **"Market Disruption Event"** means that the Index Sponsor fails to calculate and/or announce the level of the Index.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Index is related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or

²⁰⁹ In case of Warrants other than Discount Warrants.
²¹⁰ In case of Discount Warrants.

- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or

- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Index (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"**Governmental Authority**" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which the Index is denominated or of the country to which the Index is related, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"**Relevant Currency Exchange Rate**" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"**Standard Currency**" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges*

Ermessen) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor to the Index Sponsor (the "**Successor Sponsor**") acceptable as determined by the Calculation Agent; or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.
- (b) If with respect to the Valuation Month or prior thereto the Index Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Index or in any other way materially modifies the Index, then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of an announced level for the Index with respect to the Valuation Month, the level for the Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the change or, the Issuer shall terminate the Securities by giving notice in accordance with General Condition 3. In case of such a termination the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Material Change Termination Amount**"). The Material Change Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Material Change Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.
- (c) If, at any time, any event which is material to the calculation of the Index occurs and the Index Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Index in order to account fully for such event, notwithstanding that the rules announced or applied by the Index Sponsor or, if applicable, the Successor Sponsor pertaining to the Index have been applied, the Calculation Agent shall make an adjustment to the level of the Index.
- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with

respect to the Securities, the Calculation Agent may make adjustments to the Conditions.

[Insert supplemental or alternative adjustment events, if applicable]

- (e) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
 - (i) any material illiquidity in the market with respect to (A) the Index or (B) instruments related to the Index used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or

- (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
 - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) make an adjustment to the composition of the Index or replace the Index by another index;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and

after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
 - (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
 - (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

[INDEX DESCRIPTION

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CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]
[QUANTO] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²¹¹.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business [and on which the Exchange is open for business]²¹²][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

"**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;²¹³

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Reference Price} - \text{Strike}) \times \text{Multiplier}]^{214}$$

$$[(\text{Strike} - \text{Final Reference Price}) \times \text{Multiplier}]^{215}$$

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;²¹⁶

"**Clearing Agent**" means •;

"**Delivery Details**" means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][•];²¹⁷

²¹¹ In case of Securities represented by a Global Security.

²¹² In case of physical settlement.

²¹³ In case of Discount Warrants.

²¹⁴ In case of Call Warrants and Discount Call Warrants.

²¹⁵ In case of Put Warrants and Discount Put Warrants.

²¹⁶ In case of cash settlement.

²¹⁷ In case of physical settlement.

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [•²¹⁸ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²¹⁹[•];]

"**Exercise Date**" means • or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]²²⁰

["**Exercise Time**" means •;]²²¹

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment [or delivery]²²² due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Share quoted on the Exchange [at or about the Valuation Time] [•] on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Share [at or about the Valuation Time] [•] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][•];

["**Global Security**" has the meaning given in General Condition 2;]²²³

²¹⁸ Insert relevant page.

²¹⁹ In case of Quanto Warrants.

²²⁰ In case of American style warrants.

²²¹ In case of American style warrants.

²²² In case of physical settlement.

²²³ In case of Securities represented by a Global Security.

"Integral Multiple" means •;

"Issue Date" means •;

"Issuer" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in •];

"Market Disruption Event" means each event specified as Market Disruption Event in Product Condition 3;

"Maturity Date" means •;

[**"Maximum Amount"** means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{224}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{225}]$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]²²⁶

[**"Maximum Exercise Number"** means •;]

[**"Minimum Exercise Number"** means •;]

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;

"Paying Agent" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Payment Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

[**"Pricing Date"** means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]²²⁷

²²⁴ In case of Call Warrants and Discount Call Warrants.

²²⁵ In case of Put Warrants and Discount Put Warrants.

²²⁶ In case of cash settlement.

²²⁷ In case of a subscription period.

"**Principal Paying Agent**" means ●, subject to a replacement pursuant to General Condition 8;

"**Related Exchange**" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares are traded;

"**Relevant Number of Trading Days**" means ●;

"**Securities**" means ●;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means ●;]

"**Settlement Currency**" means ●;

["**Settlement Disruption Event**" means an event specified in Product Condition 3[(c)][(d)];]²²⁸

"**Share**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Share Amount**" means [● Share[s]][one Share multiplied by the Multiplier], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of Shares (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Reference Price;]²²⁹

"**Share Company**" means ●, subject to an adjustment in accordance with Product Condition 4;

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means ●;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date]²³⁰ [(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]²³¹[●]. If this day is not a Trading Day, the Valuation Date shall be the first

²²⁸ In case of physical settlement.

²²⁹ In case of physical settlement.

²³⁰ In case of European style warrants.

²³¹ In case of American style warrants.

succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]²³² [lower of the Maximum Amount and the Cash Amount]^{233,234} [delivery of the Share Amount]²³⁵ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), provided that [the Final Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]²³⁶ a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(c)[and that the Strike and any Expenses in accordance with Product Conditions 2(c)(iii) are paid]²³⁷.
- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its

²³² In case of Warrants other than Discount Warrants.

²³³ In case of Discount Warrants.

²³⁴ In case of cash settlement.

²³⁵ In case of physical settlement.

²³⁶ In case of Call Warrants which are physically settled.

²³⁷ In case of physical settlement.

income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
- (iv) specify the Delivery Details]²³⁸.

[(d) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the

²³⁸ In case of physical settlement.

Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

- (e) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(c)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.
- (f) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]²³⁹

[(d)][(g)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(e)][(h)] Settlement. The Issuer shall [pay [the Cash Amount]²⁴⁰ [any amount to be paid pursuant to Product Condition 2(a)]²⁴¹]²⁴² [deliver or pay the Share Amount]²⁴³ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

²³⁹ In case of physical settlement.

²⁴⁰ In case of Warrants other than Discount Warrants.

²⁴¹ In case of Discount Warrants.

²⁴² In case of cash settlement.

²⁴³ In case of physical settlement.

- [(i) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(j)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]²⁴⁴
- [(j) Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]²⁴⁵
- [(f)][(k)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]²⁴⁶ [lower of the Maximum Amount and the Cash Amount]^{247,248} [delivery of the Share Amount]²⁴⁹ on the Maturity Date[, subject to payment of the Strike and any Expenses in accordance with Product Condition 2(b)(vii) (in case of an exercise in accordance with Product Condition 2(a)(i)) or Product Condition 2(g)(iii) (in case of an automatic exercise in accordance with Product Condition 2(a)(ii))]²⁵⁰ either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or

²⁴⁴ In case of physical settlement.

²⁴⁵ In case of physical settlement.

²⁴⁶ In case of Warrants other than Discount Warrants.

²⁴⁷ In case of Discount Warrants.

²⁴⁸ In case of cash settlement.

²⁴⁹ In case of physical settlement.

²⁵⁰ In case of physical settlement.

- (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), provided that [the Final Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]²⁵¹ a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(g).

- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the [number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]²⁵² for such Securities]²⁵³ [Delivery Details]²⁵⁴;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the

²⁵¹ In case of Call Warrants which are physically settled.

²⁵² In case of Discount Warrants.

²⁵³ In case of cash settlement.

²⁵⁴ In case of physical settlement.

operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings[; and
 - (vii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Notice with respect thereto]²⁵⁵.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
 - (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]²⁵⁶ [no more than the Maximum Exercise Number of Securities]²⁵⁷ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]
 - (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
 - (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
 - (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

²⁵⁵ In case of physical settlement.

²⁵⁶ In case of a Minimum Exercise Number of Securities.

²⁵⁷ In case of a Maximum Exercise Number of Securities.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
 - (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
 - (iv) specify the Delivery Details]²⁵⁸.
- [(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of

²⁵⁸ In case of physical settlement.

business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

- (i) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(g)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.
- (j) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with

respect to the Shares comprised in any Share Amount in any register of shareholders of the Share Company.]²⁵⁹

[(h)][(k)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(i)][(l)] Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), [pay the [Cash Amount]²⁶⁰ [any amount to be paid pursuant to Product Condition 2(a)]²⁶¹]²⁶² [deliver or pay the Share Amount]²⁶³ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), [pay the [Cash Amount]²⁶⁴ [any amount to be paid pursuant to Product Condition 2(a)]²⁶⁵]²⁶⁶ [deliver or pay the Share Amount]²⁶⁷ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(m)] Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(n)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]²⁶⁸

[(n)] Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any

²⁵⁹ In case of physical settlement.

²⁶⁰ In case of Warrants other than Discount Warrants.

²⁶¹ In case of Discount Warrants.

²⁶² In case of cash settlement.

²⁶³ In case of physical settlement.

²⁶⁴ In case of Warrants other than Discount Warrants.

²⁶⁵ In case of Discount Warrants.

²⁶⁶ In case of cash settlement.

²⁶⁷ In case of physical settlement.

²⁶⁸ In case of physical settlement.

such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]²⁶⁹

[(j)][(o)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]²⁷⁰

(a) [Market Disruption]²⁷¹

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on the Exchange or any Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

²⁶⁹ In case of physical settlement.

²⁷⁰ In case of physical settlement.

²⁷¹ In case of physical settlement.

- (A) in the Shares on the Exchange or any other exchange on which the Shares are listed; or
 - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares on any Related Exchange,
- if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange or any Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Share is related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security,

indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or

- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Shares (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or

- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"Governmental Authority" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"Relevant Currency" means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[[c]][(d)] Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of the Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Share Amount and notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Security by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

"Disruption Cash Settlement Price" means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less

the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

"Settlement Disruption Event" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.]²⁷²

[(d)][(e)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) Following a declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so (in this case an **"Adjustment Event"**), will:
- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
 - (ii) determine the effective date of the adjustments.
- (b) **"Potential Adjustment Event"** means:
- (i) a subdivision, consolidation or reclassification of the Shares (unless a Merger Event), or a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
 - (iii) an extraordinary dividend;
 - (iv) a distribution of cash dividends on the Shares equal to or greater than 8 per cent per annum of the then current market value of the Shares;
 - (v) a call by the Share Company with respect to Shares that are not fully paid;

²⁷² In case of physical settlement.

- (vi) a repurchase by the Share Company of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the Shares.

[Insert supplemental or alternative potential adjustment events, if applicable]

(c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to the Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or
- (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification of or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all

outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"Nationalisation" means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are under no obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination under this Product Condition 4.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into

in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Shares or (B) instruments related to the Shares used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Share by another share;

- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the

effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO STOCK BASKET [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL] [PUT]
[QUANTO] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]²⁷³.

1. DEFINITIONS

"Basket" means ●, subject to an adjustment in accordance with Product Condition 4;

"Business Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in ● and on which each Clearing Agent is open for business [and on which each Exchange is open for business]²⁷⁴][●];

"Calculation Agent" means ●, subject to a replacement pursuant to General Condition 8;

["Cap" means [●], subject to an adjustment in accordance with Product Condition 4;]²⁷⁵

["Cash Amount" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

$$[(\text{Final Basket Reference Price} - \text{Strike}) \times \text{Multiplier}]^{276}$$

$$[(\text{Strike} - \text{Final Basket Reference Price}) \times \text{Multiplier}]^{277}$$

[●].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]²⁷⁸

"Clearing Agent" means ●;

²⁷³ In case of Securities represented by a Global Security.

²⁷⁴ In case of physical settlement.

²⁷⁵ In case of Discount Warrants.

²⁷⁶ In case of Call Warrants and Discount Call Warrants.

²⁷⁷ In case of Put Warrants and Discount Put Warrants.

²⁷⁸ In case of cash settlement.

["**Delivery Details**"] means [account details and/or the name and address of any person into whose name evidence of the Share Amount is to be registered and/or any bank, broker or agent to whom documents evidencing title are to be delivered][●];²⁷⁹

["**Emerging Market Disruption Event**"] means each event specified as Emerging Market Disruption Event in Product Condition 3;

"**Exchange**" means [each exchange or quotation system specified in the definition of Basket or any successor to such exchange or quotation system][●];

["**Exchange Rate**"] means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time] [on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●²⁸⁰ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3]][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]²⁸¹ [●];

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**"] means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;²⁸²

["**Exercise Time**"] means ●;²⁸³

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment [or delivery]²⁸⁴ due following exercise or otherwise with respect to such Security;

"**Final Basket Reference Price**" means, subject to an adjustment in accordance with Product Condition 4, [an amount equal to the sum of the products, calculated with respect to each Share, of (i) the Final Share Reference Price and (ii) the Weight of the Share][●];

"**Final Share Reference Price**" means, with respect to each Share and subject to Product Conditions 3 and 4, [an amount (converted into the [Settlement Currency][Strike Currency] at

²⁷⁹ In case of physical settlement.

²⁸⁰ Insert relevant page.

²⁸¹ In case of Quanto Warrants.

²⁸² In case of American style warrants.

²⁸³ In case of American style warrants.

²⁸⁴ In case of physical settlement.

the Exchange Rate, if necessary) equal to the price of such Share quoted on the relevant Exchange [at or about the Valuation Time] [●] on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] with respect to such Share has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of such Share [at or about the Valuation Time] [●] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3[●];

["**Global Security**" has the meaning given in General Condition 2;]²⁸⁵

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

"**Market Disruption Event**" means each event specified as Market Disruption Event in Product Condition 3;

"**Maturity Date**" means [(i) the fifth Business Day following the Valuation Date or (ii) in the event of a Market Disruption Event, the fifth Business Day following the Valuation Date which is the last to occur]²⁸⁶ [●];

["**Maximum Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{287}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{288}$$

[●].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]²⁸⁹

["**Maximum Exercise Number**" means ●;]

["**Minimum Exercise Number**" means ●;]

"**Multiplier**" means ●, subject to an adjustment in accordance with Product Condition 4;

²⁸⁵ In case of Securities represented by a Global Security.

²⁸⁶ In case a Market Disruption Event is considered separately for each Share in the Basket.

²⁸⁷ In case of Call Warrants and Discount Call Warrants.

²⁸⁸ In case of Put Warrants and Discount Put Warrants.

²⁸⁹ In case of cash settlement.

"Paying Agent" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Payment Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

[**"Pricing Date"** means •, subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]²⁹⁰

"Principal Paying Agent" means •, subject to a replacement pursuant to General Condition 8;

"Related Exchange" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on a Share are traded;

"Relevant Number of Trading Days" means•;

"Securities" means •;

"Securityholder" has the meaning given in General Condition 2;

[**"Series"** means •;]

"Settlement Currency" means •;

[**"Settlement Disruption Event"** means an event specified in Product Condition 3[(c)][(d)];]²⁹¹

"Share" means each share specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

[**"Share Amount"** means [the number of Shares specified in the definition of Basket] [, for each Share, one Share multiplied by its Weight][•], subject to an adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Securityholder will receive a Share Amount comprising the nearest whole number (rounded down) of such Share (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the relevant Share Amount), and an amount in the Settlement Currency [using the Exchange Rate], equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the Final Share Reference Price;]²⁹²

"Share Company" means each share company specified in the definition of Basket, subject to an adjustment in accordance with Product Condition 4;

²⁹⁰ In case of a subscription period.

²⁹¹ In case of physical settlement

²⁹² In case of physical settlement

"**Strike**" means ●, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means with respect to each Share, [the currency specified in the definition of Basket][●];]

"**Trading Day**" means, with respect to the Basket, [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on all Exchanges and Related Exchanges other than a day on which trading on any Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time][●];

"**Valuation Date**" means [the Exercise Date]²⁹³ [(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]²⁹⁴ [●]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3;

"**Valuation Time**" means [the regular close of trading on the relevant Exchange][●] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3; and

"**Weight**" means, with respect to each Share, [the weight specified in the definition of Basket, expressed as a decimal number][●], subject to an adjustment in accordance with Product Condition 4.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]²⁹⁵ [lower of the Maximum Amount and the Cash Amount]^{296,297} [delivery of the Share Amount]²⁹⁸ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), provided that [the Final Basket Reference Price exceeds the sum of

²⁹³ In case of European style warrants.

²⁹⁴ In case of American style warrants.

²⁹⁵ In case of Warrants other than Discount Warrants.

²⁹⁶ In case of Discount Warrants.

²⁹⁷ In case of cash settlement.

²⁹⁸ In case of physical settlement.

the Strike and the Expenses, if any, and provided further that]²⁹⁹ a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(c)[and that the Strike and any Expenses in accordance with Product Conditions 2(c)(iii) are paid]³⁰⁰.

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and

²⁹⁹ In case of Call Warrants which are physically settled.

³⁰⁰ In case of physical settlement.

- (iv) specify the Delivery Details]³⁰¹.
- [(d) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.
- (e) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(c)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of

³⁰¹ In case of physical settlement.

interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.

- (f) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of any Share Company.]³⁰²

[(d)][(g)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(e)][(h)] Settlement. The Issuer shall [pay [the Cash Amount]³⁰³ [any amount to be paid pursuant to Product Condition 2(a)]³⁰⁴]³⁰⁵ [deliver or pay the Share Amount]³⁰⁶ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

[(i)] Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(j)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]³⁰⁷

[(j)] Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the relevant Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date

³⁰² In case of physical settlement.

³⁰³ In case of Warrants other than Discount Warrants.

³⁰⁴ In case of Discount Warrants.

³⁰⁵ In case of cash settlement.

³⁰⁶ In case of physical settlement.

³⁰⁷ In case of physical settlement.

(including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]³⁰⁸

[(f)][(k)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand [payment of the [Cash Amount]³⁰⁹ [lower of the Maximum Amount and the Cash Amount]^{310,311} [delivery of the Share Amount]³¹² on the Maturity Date[, subject to payment of the Strike and any Expenses in accordance with Product Condition 2(b)(vii) (in case of an exercise in accordance with Product Condition 2(a)(i)) or Product Condition 2(g)(iii) (in case of an automatic exercise in accordance with Product Condition 2(a)(ii))]³¹³ either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), provided that [the Final Basket Reference Price exceeds the sum of the Strike and the Expenses, if any, and provided further that]³¹⁴ a certification (a "**Certification**") is delivered to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;

³⁰⁸ In case of physical settlement.

³⁰⁹ In case of Warrants other than Discount Warrants.

³¹⁰ In case of Discount Warrants.

³¹¹ In case of cash settlement.

³¹² In case of physical settlement.

³¹³ In case of physical settlement.

³¹⁴ In case of Call Warrants which are physically settled.

- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
 - (iv) specify the [number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]³¹⁵ for such Securities]³¹⁶[Delivery Details]³¹⁷;
 - (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]
 - (vi) authorise the production of such Notice in any applicable administrative or legal proceedings[; and
 - (vii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Notice with respect thereto]³¹⁸.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
 - (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise

³¹⁵ In case of Discount Warrants.

³¹⁶ In case of cash settlement.

³¹⁷ In case of physical settlement.

³¹⁸ In case of physical settlement.

Number of Securities [and]]³¹⁹ [no more than the Maximum Exercise Number of Securities]³²⁰ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number.]

- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.
- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain

³¹⁹ In case of a Minimum Exercise Number of Securities.

³²⁰ In case of a Maximum Exercise Number of Securities.

requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; [and]

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings[;
- (iii) include an undertaking to pay the Strike and any Expenses and an irrevocable authority to the Issuer to debit an account of the Securityholder specified in the Certification with respect thereto; and
- (iv) specify the Delivery Details]³²¹.

[(h) Late Delivery of Certification. If the Certification is delivered to the Principal Paying Agent after the close of business in the place of receipt on the Exercise Date, then the Share Amount will be delivered as soon as practicable after the Maturity Date (the date of delivery in relation to a Share Amount whether on or after the Maturity Date being the "**Delivery Date**") in the manner provided below. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of the Delivery Date for such Securities occurring after the Maturity Date due to such Certification being delivered after close of business on the Exercise Date as provided above. In the event that a Securityholder does not, with respect to a Security which is to be redeemed by delivery of the Share Amount, deliver or procure delivery of a Certification as set out above prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall have the right but not the obligation to sell the Shares comprised in the Share Amount with respect to such Security in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares, and shall hold the proceeds (the "**Realised Share Amount**") for the account of the Securityholder until presentation of the relevant Certification and payment of the Strike and the Expenses. Upon payment of the Realised Share Amount, the Issuer's obligations with respect to such Security shall be discharged. The Securityholder shall not be entitled to any interest or other payment with respect to such Realised Share Amount.

(i) Late Payment of Strike and/or Expenses. If the content of the Certification does not fulfil the requirements set forth in Product Condition 2(g)(iii) or if the account of the Securityholder specified in the Certification cannot be debited in the amount due because of a lack of funds on the account or for any other reason prior to the date that is 30 calendar days after the Maturity Date, the Issuer shall sell the Shares

³²¹ In case of physical settlement.

comprised in the Share Amount with respect to such Security on the 31st calendar day following the Maturity Date or, if this day is not a Business Day, the first succeeding Business Day in the open market or otherwise at a price determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Shares. If the difference between the Realised Share Amount and the sum of the Strike and the Expenses is positive, the Issuer shall pay such difference to the Securityholder and shall be discharged from its obligations under the Securities. If the difference is negative, nothing shall be paid to the Securityholder and the Issuer shall be discharged from its obligations under the Securities. For the avoidance of doubt, no Securityholder or any other person shall be entitled to any payment, whether of interest or otherwise, by reason of a payment for such Securities occurring after the Maturity Date due to a late payment of the Strike and/or any Expenses.

- (j) Delivery of the Share Amount. The delivery of the Share Amount shall be made at the risk of the Securityholder and shall be delivered and evidenced in such manner as customary for the Shares or in such manner as the Issuer determines in its reasonable discretion (*billiges Ermessen*) to be appropriate for such delivery. The Issuer shall be under no obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder, if applicable, with respect to the Shares comprised in any Share Amount in any register of shareholders of any Share Company.]³²²

[(h)][(k)] The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.

[(i)][(l)] Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), [pay [the Cash Amount]³²³ [any amount to be paid pursuant to Product Condition 2(a)]³²⁴³²⁵ [deliver or pay the Share Amount]³²⁶ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), [pay [the Cash Amount]³²⁷ [any amount to be paid pursuant to Product Condition 2(a)]³²⁸³²⁹ [deliver or pay the Share Amount]³³⁰ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

³²² In case of physical settlement.

³²³ In case of Warrants other than Discount Warrants.

³²⁴ In case of Discount Warrants.

³²⁵ In case of cash settlement.

³²⁶ In case of physical settlement.

³²⁷ In case of Warrants other than Discount Warrants.

³²⁸ In case of Discount Warrants.

³²⁹ In case of cash settlement.

³³⁰ In case of physical settlement.

- [(m) Intervening Period. With respect to the delivery of the Share Amount, for such period of time after the Exercise Date, as the Issuer or any person on behalf of the Issuer shall continue to be the legal owner of the Shares comprising the relevant Share Amount (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver, or procure delivery to the Securityholder of, any letter, certificate, notice, circular or any other document or payment (other than any payment of dividends pursuant to Product Condition 2(n)) whatsoever received by that person in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares during the Intervening Period or (iii) be under any liability to the Securityholder with respect to any loss or damage which the Securityholder may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Shares during such Intervening Period.]³³¹
- [(n) Dividends on the Share Amount. The Securityholder shall also be entitled to demand payment of the relevant dividend received by the Issuer with respect to any Share Amount to be delivered if the ex-dividend date for such dividend on the relevant Exchange is between [the Valuation Date][●] (excluding) and the Maturity Date (including). Any such dividend shall be delivered to the Clearing Agent for credit to the account of the Securityholder.]³³²
- [(j)][(o)] Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION [AND SETTLEMENT DISRUPTION]³³³

- (a) [Market Disruption]³³⁴

If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date [for a Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]³³⁵ shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market

³³¹ In case of physical settlement.

³³² In case of physical settlement.

³³³ In case of physical settlement.

³³⁴ In case of physical settlement.

³³⁵ In case a Disruption Event is considered separately for each Share in the Basket.

Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date [for the Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]³³⁶ (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Share Reference Price [of the Share affected by a Market Disruption Event [or an Emerging Market Disruption Event]]³³⁷. [The Valuation Date for a Share not affected by a Market Disruption Event [or an Emerging Market Disruption Event] shall be the original Valuation Date.]³³⁸ If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **"Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or Related Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in any Share on any relevant Exchange or any other exchange on which such Share is listed; or
 - (B) in any options contracts or futures contracts or other derivatives contracts relating to a Share on any Related Exchange,if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the

³³⁶ In case a Disruption Event is considered separately for each Share in the Basket.

³³⁷ In case a Disruption Event is considered separately for each Share in the Basket.

³³⁸ In case a Disruption Event is considered separately for each Share in the Basket.

regular business hours of any relevant exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any relevant exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case one or more Share(s) is/are related to one or more emerging market(s):

- (c) **"Emerging Market Disruption Event"** means:
- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
 - (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
 - (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
 - (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the

Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to any Share (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"**Governmental Authority**" means any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which a Share is denominated from time to time, or the lawful currency of the country in which any Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"Relevant Currency Exchange Rate" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"Standard Currency" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][●.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)](d) [Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred, then the Maturity Date shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of the Share Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of the Share Amount and notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Security by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of the Share Amount relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

"Disruption Cash Settlement Price" means the amount determined by the Issuer as the fair market value of each Security on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

"Settlement Disruption Event" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Share Amount in accordance with such market method as it determines at the relevant time for delivery of the Share Amount.]

[Settlement Disruption. If the Securities provide for the delivery of the Share Amount and prior to the delivery of the Share Amount with respect to any Security, in the determination of the Calculation Agent, a Settlement Disruption Event has occurred affecting a Share or all Shares, then the Maturity Date for the affected Share(s) shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting. If the delivery of a Share is not practicable by reason of a Settlement Disruption Event, then in lieu of delivery of such Share and

notwithstanding any other provision hereof the Issuer may determine to satisfy its obligations with respect to the relevant Share by payment of the Disruption Cash Settlement Price not later than on the [third][●] Business Day following the date on which notice of such determination is given to the Securityholders in accordance with General Condition 3. No Securityholder or any other person shall be entitled to any payment (including but not limited to interest) with respect to a Security in the event of any delay in the delivery of a Share relating thereto due to the occurrence of a Settlement Disruption Event and no liability with respect thereto shall attach to the Issuer.

"Disruption Cash Settlement Price" means the amount determined by the Issuer as the fair market value of the Share affected by a Settlement Disruption Event on such day as determined by the Issuer less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities.

"Settlement Disruption Event" means, in the determination of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of a Share in accordance with such market method as it determines at the relevant time for delivery of such Share.]³³⁹³⁴⁰

[(d)][(e)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) Following a declaration by any Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of any Share and, if so (in this case an "**Adjustment Event**"), will:
- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
 - (ii) determine the effective date of the adjustments.
- (b) **"Potential Adjustment Event"** means:
- (i) a subdivision, consolidation or reclassification of any Share (unless a Merger Event), or a free distribution or dividend of such Share to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;

³³⁹ In case a Market Disruption Event is considered separately for each Share in the Basket.

³⁴⁰ In case of physical settlement.

- (ii) a distribution or dividend to existing holders of any Share of (A) such Share, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of any Share Company equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a distribution of cash dividends on any Share equal to or greater than 8 per cent per annum of the then current market value of such Share;
- (v) a call by any Share Company with respect to any Share that are not fully paid;
- (vi) a repurchase by any Share Company of any Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) any other similar event that may have a diluting or concentrative effect on the theoretical value of any Share.

[Insert supplemental or alternative potential adjustment events, if applicable]

- (c) De-listing, Merger Event, Nationalisation and Insolvency. If a De-listing, Merger Event, Nationalisation or Insolvency occurs in relation to any Share Company (each also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:
 - (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing, Merger Event, Nationalisation or Insolvency, as the case may be, (including but not limited to (A) a replacement of the Share(s) affected by a De-listing, Merger Event, Nationalisation or Insolvency (the "**Affected Share**") by a successor share or by a cash amount corresponding to the fair market value of the Affected Share, (B) a removal of the Affected Share from the Basket and allocation of the fair market value of the Affected Share pro rata to the remaining Shares in the Basket, (C) any other adjustment) and determine the effective date of that adjustment; or
 - (ii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the

De-listing, Merger Event, Nationalisation or Insolvency, as the case may be) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any equity options or selling or otherwise realising any Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

"**De-listing**" means a Share for any reason ceases to be listed or is suspended from listing on the relevant Exchange (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

"**Merger Date**" means the date upon which all holders of the Shares of any Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"**Merger Event**" means any (i) reclassification of or change to the Shares of any Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of any Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification of or change to all the outstanding Shares of such Share Company); or (iii) other take-over offer for the Shares of any Share Company that results in a transfer of, or an irrevocable commitment to transfer, the Shares of such Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Shares of any Share Company or all the assets or substantially all the assets of any Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting any Share Company, (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official or (ii) holders of the Shares of such Share Company become legally prohibited from transferring them.

- (d) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable

discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3. In exercising such reasonable discretion, the Calculation Agent and the Issuer may (but are under no obligation to) take into account the adjustments made by any Related Exchange to options contracts or futures contracts or other derivatives contracts on the Shares traded on such Related Exchange. Furthermore, the occurrence of a Potential Adjustment Event, a De-listing, a Merger Event, a Nationalisation, or an Insolvency (if any) shall be notified to the Securityholders in accordance with General Condition 3, provided that such an event shall trigger any adjustment or termination under this Product Condition 4.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) any Share or (B) instruments related to any Share used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or

- (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
 - (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the relevant Share by another share;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to

rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;

- (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) **Adjustment to Conditions.** The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) **Euro Conversion Costs.** Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) **Definitions Relating to European Economic and Monetary Union.** In this Product Condition, the following expressions have the meanings set out below.

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**National Currency Unit**" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"**Treaty**" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO STRUCTURED SECURITIES [DISCOUNT] [AMERICAN] [EUROPEAN] [CALL]
[PUT] [QUANTO] WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities [and will be attached to the Global Security representing the Securities]³⁴¹.

1. DEFINITIONS

"**Business Day**" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in • and on which each Clearing Agent is open for business][•];

"**Calculation Agent**" means •, subject to a replacement pursuant to General Condition 8;

["**Cap**" means [•], subject to an adjustment in accordance with Product Condition 4;]³⁴²

"**Cash Amount**" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any), provided however that the Cash Amount shall not be less than zero:

[(Final Reference Price – Strike) x Multiplier]³⁴³

[(Strike – Final Reference Price) x Multiplier]³⁴⁴

[•].

The Cash Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

"**Clearing Agent**" means •;

["**Emerging Market Disruption Event**" means each event specified as Emerging Market Disruption Event in Product Condition 3;]

"**Exchange**" means • or any successor to such exchange or quotation system;

["**Exchange Rate**" means [the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent [at or about the Valuation Time]

³⁴¹ In case of Securities represented by a Global Security.

³⁴² In case of Discount Warrants.

³⁴³ In case of Call Warrants and Discount Call Warrants.

³⁴⁴ In case of Put Warrants and Discount Put Warrants.

[on the Valuation Date][on the Business Day following the Valuation Date] by reference to [●³⁴⁵ (or a successor page) or, if the rate of exchange is not published on such page on such day, the exchange rate determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) and notified to the Securityholders in accordance with General Condition 3][such sources as the Calculation Agent may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate at such time and notifies to the Securityholders in accordance with General Condition 3][a fixed rate of exchange where 1 unit of the Strike Currency equals 1 unit of the Settlement Currency]³⁴⁶[●];]

"**Exercise Date**" means ● or, if this day is not a Business Day, the first succeeding Business Day;

["**Exercise Period**" means the period from (but excluding) the Issue Date to (and including) the Exercise Time on the Exercise Date;]³⁴⁷

["**Exercise Time**" means ●;]³⁴⁸

"**Expenses**" means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise with respect to such Security;

"**Final Reference Price**" means, subject to Product Conditions 3 and 4, [an amount equal to the price of the Reference Asset on the Exchange published on [● page ● (or on a page replacing such page)][●] [at or about the Valuation Time] [●] on the Valuation Date without regard to any subsequently published correction or (if no such price is published and no Market Disruption Event [and no Emerging Market Disruption Event] has occurred and is continuing) an amount determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the price of the Reference Asset [at or about the Valuation Time] [●] on the Valuation Date and notified to the Securityholders in accordance with General Condition 3][●];

["**Global Security**" has the meaning given in General Condition 2;]³⁴⁹

"**Integral Multiple**" means ●;

"**Issue Date**" means ●;

"**Issuer**" means The Royal Bank of Scotland plc, a bank incorporated in Scotland with its statutory seat in Edinburgh acting through its [principal office in Edinburgh, Scotland] [office in ●];

³⁴⁵ Insert relevant page.

³⁴⁶ In case of Quanto Warrants.

³⁴⁷ In case of American style warrants.

³⁴⁸ In case of American style warrants.

³⁴⁹ In case of Securities represented by a Global Security.

"Market Disruption Event" means each event specified as Market Disruption Event in Product Condition 3;

"Maturity Date" means •;

"Maximum Amount" means, subject to an adjustment in accordance with Product Condition 4, [an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$[(\text{Cap} - \text{Strike}) \times \text{Multiplier}]^{350}$$

$$[(\text{Strike} - \text{Cap}) \times \text{Multiplier}]^{351}$$

[•].

The Maximum Amount shall be [converted into the Settlement Currency at the Exchange Rate and] rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;]³⁵²

"Maximum Exercise Number" means •;

"Minimum Exercise Number" means •;

"Multiplier" means •, subject to an adjustment in accordance with Product Condition 4;

"Participation Rate" means, with respect to each Security, •, subject to an adjustment in accordance with Product Condition 4;

"Paying Agent" means • and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

"Payment Day" means [a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open][•];

"Pricing Date" means • subject to an adjustment if the Issuer determines in its reasonable discretion (*billiges Ermessen*) that there are adverse market conditions on such day which adjustment shall be notified to the Securityholders in accordance with General Condition 3;]³⁵³

"Principal Paying Agent" means •, subject to a replacement pursuant to General Condition 8;

"Reference Asset" means •, subject to an adjustment pursuant to Product Condition 4;

"Relevant Number of Trading Days" means •;

³⁵⁰ In case of Discount Call Warrants.

³⁵¹ In case of Discount Put Warrants.

³⁵² In case of Discount Warrants.

³⁵³ In case of a subscription period.

"**Securities**" means •;

"**Securityholder**" has the meaning given in General Condition 2;

["**Series**" means •;]

"**Settlement Currency**" means •;

"**Strike**" means •, subject to an adjustment in accordance with Product Condition 4;

["**Strike Currency**" means •;]

"**Trading Day**" means [any day that is (or, but for the occurrence of a Market Disruption Event [or an Emerging Market Disruption Event], would have been) a trading day on the Exchange other than a day on which trading on the Exchange is scheduled to close prior to its regular weekday closing time][•];

"**Valuation Date**" means [the Exercise Date]³⁵⁴[(i) with respect to each Security which has been exercised in accordance with Product Condition 2(a)(i) the Business Day during the Exercise Period on which such exercise has occurred, and (ii) with respect to each Security which has been exercised automatically in accordance with Product Condition 2(f), the Exercise Date]³⁵⁵[•]. If this day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

"**Valuation Time**" means [the regular close of trading on the Exchange][•] or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

[Insert supplemental or alternative definitions, if applicable]

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

2. RIGHTS AND PROCEDURES

[Insert if the Warrants are European style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]³⁵⁶ [lower of the Maximum Amount and the Cash Amount]³⁵⁷ on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(c).

³⁵⁴ In case of European style warrants.

³⁵⁵ In case of American style warrants.

³⁵⁶ In case of Warrants other than Discount Warrants.

³⁵⁷ In case of Discount Warrants.

- (b) Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
 - (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (d) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
 - (e) Settlement. The Issuer shall pay the [Cash Amount]³⁵⁸ [any amount to be paid pursuant to Product Condition 2(a)]³⁵⁹ to the Clearing Agent for credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

³⁵⁸ In case of Warrants other than Discount Warrants.

³⁵⁹ In case of Discount Warrants.

- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

[Insert if the Warrants are American style warrants:

- (a) Securityholder's Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the [Cash Amount]³⁶⁰ [lower of the Maximum Amount and the Cash Amount]³⁶¹ on the Maturity Date either
- (i) upon due exercise by the Securityholder in accordance with Product Condition 2(b), (c) and (d), or
 - (ii) if the Securities have not been exercised in accordance with Product Condition 2(a)(i), upon automatic exercise in accordance with Product Condition 2(f), subject to the delivery of a certification (a "**Certification**") to the Principal Paying Agent in accordance with Product Condition 2(g).
- (b) Exercise and Notice. The Securities are exercisable on any [Business Day][●] during the Exercise Period by delivery of a duly completed notice (a "**Notice**") which shall be received by the Principal Paying Agent prior to the Exercise Time on such day. The form of the Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Notice shall:

- (i) specify the number of Securities to which it relates;
- (ii) specify the number of the account relating to the Securities to be debited;
- (iii) irrevocably instruct and authorise the Principal Paying Agent to debit on or before the Maturity Date such account with such Securities;
- (iv) specify the number of the account to be credited with the Cash Amount (if any) [or the Maximum Amount]³⁶² for such Securities;
- (v) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court

³⁶⁰ In case of Warrants other than Discount Warrants.

³⁶¹ In case of Discount Warrants.

³⁶² In case of Discount Warrants.

within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such Notice in any applicable administrative or legal proceedings.
- (c) Verification. With respect to each Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (d) A Securityholder may only exercise the Securities in amounts divisible wholly by the Integral Multiple [provided that at the same time [at least the Minimum Exercise Number of Securities [and]]³⁶³ [no more than the Maximum Exercise Number of Securities]³⁶⁴ may be exercised]. The exercise of Securities in an amount which is not divisible wholly by the Integral Multiple shall be deemed as the exercise of the next smaller number of Securities that is wholly divisible by the Integral Multiple[, provided that this amount equals or exceeds the Minimum Exercise Number].
- (e) Determinations. Subject as set out below, in the event of an exercise pursuant to Product Condition 2(a)(i) failure properly to complete a Notice in the manner set out above or failure to deliver the Notice in the time specified in this Product Condition 2 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Notice is incomplete. If such Notice is subsequently corrected, it shall be deemed to be a new Notice submitted at the time such correction is delivered to the Principal Paying Agent.
- (f) Automatic Exercise. Any Securities which have not been exercised in accordance with Product Condition 2(b), (c) and (d), shall be deemed to be automatically exercised on the Exercise Date.

³⁶³ In case of a Minimum Exercise Number of Securities.

³⁶⁴ In case of a Maximum Exercise Number of Securities.

- (g) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, "**U.S. person**" means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (h) The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Certification is incomplete.
- (i) Settlement. The Issuer shall, in case of an exercise in accordance with Product Condition 2(a)(i), pay [the Cash Amount]³⁶⁵ [any amount to be paid pursuant to Product Condition 2(a)]³⁶⁶ for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice, and in case of an automatic exercise in accordance with Product Condition 2(a)(ii), pay [the Cash Amount]³⁶⁷ [any amount to be paid pursuant to Product Condition 2(a)]³⁶⁸ to the Clearing Agent for

³⁶⁵ In case of Warrants other than Discount Warrants.

³⁶⁶ In case of Discount Warrants.

³⁶⁷ In case of Warrants other than Discount Warrants.

³⁶⁸ In case of Discount Warrants.

credit to the account of the Securityholder for each Security with respect to which a Certification has been delivered.

- (j) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.]

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event [or an Emerging Market Disruption Event] has occurred on the Valuation Date, then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event [or no Emerging Market Disruption Event], unless the Calculation Agent determines that there is a Market Disruption Event [or an Emerging Market Disruption Event] occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event [or the Emerging Market Disruption Event]) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event [or the Emerging Market Disruption Event]); and (ii) the Calculation Agent shall determine the Final Reference Price. If a Market Disruption Event [or an Emerging Market Disruption Event] constitutes also an Adjustment Event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption [or the Emerging Market Disruption] shall not be applicable with respect to this event as of the effective date of the adjustment.
- (b) **"Market Disruption Event"** means:
 - (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which the Exchange is located; or
 - (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the regular close of trading on the Exchange of any suspension of or limitation imposed on trading or the disruption or impairment in the ability of market participants in general to effect transactions (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise) in the Reference Asset on the Exchange or any other exchange on which the Reference Asset is traded, if, in the determination of the Calculation Agent, such suspension or limitation is material; or

- (iii) Other Events. Any other event similar to any of the above which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

[Insert supplemental or alternative market disruption events, if applicable]

[Insert in case the Reference Asset is related to one or more emerging market(s):

(c) **"Emerging Market Disruption Event"** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or
- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant

Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Reference Asset (the "**Relevant Transactions**"); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

"**Governmental Authority**" means any *de facto* or *de jure* government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate (if relevant).

"**Relevant Currency**" means the Settlement Currency, the lawful currency in which the Reference Asset is denominated or in which payments are made under the Reference Asset from time to time, or the lawful currency of the country in which the Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

"**Relevant Currency Exchange Rate**" means each rate of exchange between the Relevant Currency and the Settlement Currency.

"**Standard Currency**" means the lawful currency of [Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States][•.]

[Insert supplemental or alternative emerging market disruption events, if applicable]

[(c)][(d)] Each and any of the Issuer's or the Calculation Agent's determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS; TERMINATION

(a) Following a declaration by the issuer of the Reference Asset of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Reference Asset and, if so (in this case an "**Adjustment Event**"), will:

- (i) make adjustments, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and
- (ii) determine the effective date of the adjustments.

"**Potential Adjustment Event**" means any event that may have a diluting or concentrative effect on the theoretical value of the Reference Asset.

[Insert supplemental or alternative potential adjustment events, if applicable]

(b) De-listing. If a De-listing occurs with respect to the Reference Asset or it is for any reason terminated ([each] also an "**Adjustment Event**"), the Issuer may determine to take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine the adjustment, if any, to be made to any terms of these Conditions to account for the De-listing and determine the effective date of that adjustment; or

- (ii) replace the de-listed or cancelled Reference Asset by a successor reference asset which has in the determination of the Calculation Agent the same or a substantially similar structure and a substantially similar economic impact, and is linked to the same asset as such Reference Asset; or
- (iii) terminate the Securities by giving notice to the Securityholders in accordance with General Condition 3. If the Securities are to be terminated, the Issuer shall pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination (taking into account the De-listing) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (including but not limited to any options or selling or otherwise realising the Reference Asset or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements) (the "**Termination Amount**"). The Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

"**De-listing**" means the Reference Asset for any reason ceases to be listed or is suspended from listing on the Exchange [or any other exchanges on which the Reference Asset is listed] (and such cessation or suspension is continuing and such Reference Asset is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).

[Insert supplemental or alternative adjustment events, if applicable]

- (c) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination

(ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A "**Hedging Disruption Event**" shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Reference Asset or (B) instruments related to the Reference Asset used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a "**Relevant Hedging Transaction**"); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Hedging Disruption Termination Amount**"). The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;
 - (ii) replace the Reference Asset by another reference asset;

- (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.
- (c) Each and any of the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. LANGUAGE

The English language version of the Conditions shall be binding. Any translations are merely intended for information purposes.

[8. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the

effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 8(a) and/or Product Condition 8(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

"Adjustment Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"National Currency Unit" means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

"Treaty" means the treaty establishing the European Community, as amended.]

[8][9]. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions are governed by and shall be construed in accordance with the laws of the [Federal Republic of Germany][●].
- (b) Place of Performance. Place of performance shall be [Frankfurt am Main, Germany][●].
- (c) Place of Jurisdiction. To the extent legally possible, the [regional court (*Landgericht*) of Frankfurt am Main, Germany][●] shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

[9][10]. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

SIGNATURE PAGE

London, 14 June 2012

The Royal Bank of Scotland plc

By:

Signature

JÖRN PEGLOW
Authorised Signatory